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THE WORLD AGRICULTURAL SITUATION

UNITED STATES DEPARTMENT OF AGRICULTURE
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Contents

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1962 WORLD AGRICULTURAL SITUATION

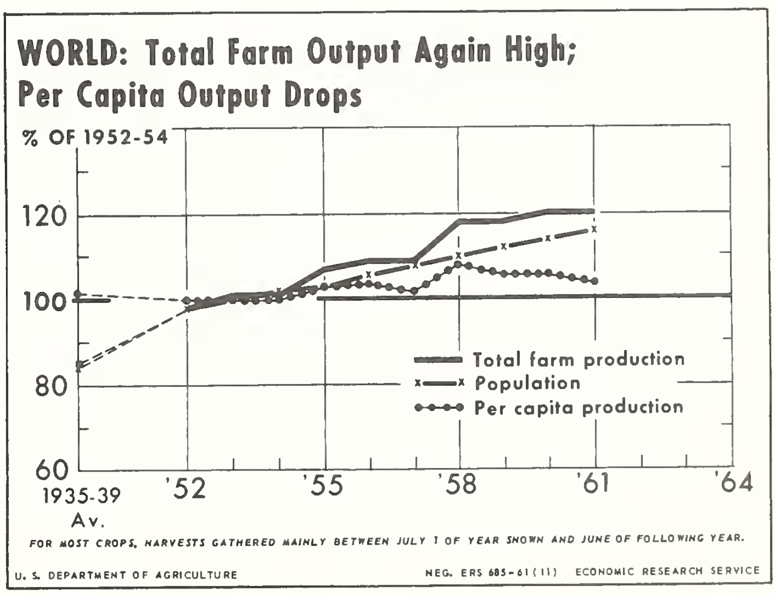
WORLD SUMMARY

World output of agricultural products in 1961-62 is expected to equal the level of the previous year. (See table 1.) For the first time since cropyear 1954-55 the sharply rising level of agricultural output has been interrupted in the more efficient producing areas of the world, but output continues to show significant rises in several of the less developed regions. As a result of weather and agricultural policy, some substantial decreases occurred in grains indicating that grain stocks may be significantly reduced during 1961-62. Partially offsetting the decline in grains were increases in oilseeds and livestock products.

The economic position of world agriculture at the end of 1961 was stronger in several respects than was the case earlier in the year. International trade in farm products reached record levels; some burdensome surpluses particularly wheat, were reduced; world prices of farm products generally were well maintained relative to prices of other primary products; and prices of several major farm commodities such as wheat and soybeans were substantially improved at the end of 1961 compared with a year earlier.

A number of developments occurred during 1961 that contributed to this improved situation. While restrictions on imports of various agricultural products were still in effect in many countries, trade liberalization measures adopted thus far were reflected in the record movement of surplus farm products to deficit areas. The demand in leading industrial nations for their traditional commercial imports was strong. Demand for some products increased significantly because of growing consumer preference for higher priced products, and because of greater or new uses for farm products, or new methods of processing.

Contributing to the reduction of surplus stocks in exporting countries was the large-scale movement of food into developing countries. Despite the record agricultural output in 1960 among free nations in East and South Asia, these regions imported wheat, cotton, and vegetable oils in 1961 to supplement their domestic agricultural production, to build reserve stocks, and to aid in achievement of their economic goals.



WORLD: Total Farm Output Again High; Per Capita Output Drops

Table 1.--Indices of world agricultural production, total and per capita, by regions, average 1935-39 and annual 1959-60 to 1961-62[1]

Average 1952-53 to 1954-55 = 100

Region	Total				Per capita			
	Average 1935-39	1959-60	1960-61[2]	1961-62[3]	Average 1935-39	1959-60	1960-61[2]	1961-62[3]
Canada	68	99	106	81	92	86	89	66
United States	69	115	117	117	85	104	104	102
Latin America	72	124	125	130	103	107	105	107
Western Europe	81	112	118	117	92	107	112	110
Eastern Europe	101	128	126	127	106	118	114	114
Soviet Union	100	129	126	130	100	117	112	113
Other E. Europe	118	127	127	122	119	120	119	114
Far East[4]	88	121	126	129	109	108	109	110
Western Asia	69	116	118	120	91	101	100	100
Africa	80	120	120	123	107	106	103	104
Oceania[5]	76	121	125	124	100	106	107	103
World[6]	85	118	120	120	102	106	106	104

[1] Value of production at constant prices. Crops included in the index are harvested mainly between July 1 of the first year shown and June of the following year. For a few crops and most livestock production, estimates are for the calendar year of the first year shown. [2] Preliminary. [3] Forecast. [4] Excluding Communist Asia. [5] Australia and New Zealand. [6] Including estimates for Communist Asia.

Supply and Trade

With no anticipated change expected in world production, a decline of 2 percent is indicated for world per capita output in 1961-62, compared with 1960-61. Per capita production is expected to be down about 2 percent in the United States and Western Europe. Greater decreases are likely in Canada, Oceania, and parts of Eastern Europe. There probably will be increases of about 1 percent in the populous Far East and in the Soviet Union and 2 percent in Latin America. (See table 1 .)

Most of the decline was in surplus producing countries or among commodities generally in surplus. Therefore, world supplies of foodstuffs should be adequate to provide as satisfactory a diet as available in 1960-61 for most of the world's population although the situation in Mainland China is expected to be worse.

Decreases in output occurred in the spring wheat belt of North America and in important agricultural producing countries of Europe. The total agricultural output in 1961-62 compared with 1960-61 is expected to be down in Canada by 24 percent; in France by 6 percent; in Denmark by 4 percent; and in several other countries in Western Europe by 2 percent. For Western Europe as a whole, and Australia and New Zealand combined, total production declined by about 1 percent. For the United States no change is forecast in 1961-62 total agricultural production compared with 1960-61. But crop output is expected to decline by a little more than 3 percent.

Production estimated for Eastern Europe shows an increase, all in the Soviet Union, of about 1 percent in 1961-62 compared with a year earlier. In other Communist countries of Eastern Europe, production is expected to decline by about 4 percent.

For Latin America, as a whole, production is forecast for 1961-62 as increasing about 4 percent; for Africa about 3 percent; and for Asia, excluding Mainland China, about 2 percent. Production in Mainland China is believed to be down from last year.

Table 2.--Estimated world production of selected agricultural commodities, average 1950-54, annual 1958-59 to 1961-62

Commodity	Unit	Average 1950-54	1958-59	1959-60	1960-61[1]	1961-62[1]	Percent increase 1961-62 over 1960-61
Wheat	Mil. bu.	6,975	8,690	8,145	8,190	7,950	-3
Rye	do	1,455	1,465	1,440	1,330	1,350	2
Rice, rough[2]	Mil. cwt.	2,529	2,977	3,154	3,329	3,249	-2
Corn	Mil. bu.	5,345	6,690	7,265	7,545	7,030	-7
Barley	do	2,700	3,310	3,280	3,550	3,370	-5
Oats	do	4,160	4,245	3,710	3,950	3,530	-11
Sugar, centrifugal[2a]	Mil. s.t.	39.1	54.5	54.0	60.8	57.5	-5
Sugar, non-cent.	do	5.8	7.8	7.8	7.4	7.9	7
Fruits, citrus	do	[3] 14.2	17.1	17.3	16.4	17.5	7
Apples & pears[4]	Mil. bu.	554	779	631	770	657	-15
Potatoes[5]	Mil. cwt.	3,295	3,365	3,348	3,539	3,454	-2
Dry beans[6]	do	73.5	86.2	93.2	99.2	98.8	-0.4
Dry peas[7]	do	12.6	11.0	13.3	13.2	11.6	-12
Hops[8]	Mil. lbs.	144	179	180	175	154	-12
Soybeans	Mil. bu.	681	1,005	950	958	1,122	17
Peanuts	Mil. s.t.	11.6	15.3	13.7	15.0	15.6	4
Flaxseed	Mil. bu.	110	130	121	124	113	-9
Cottonseed	Mil. s.t.	18.7	22.0	22.7	23.0	23.2	-1
Sesame seed	1,000 s.t.	1,947	1,725	1,621	1,524	1,600	5
Castor beans	do	498	547	552	637	590	-7
Sunflower seed	do	4,262	7,241	5,426	6,790	6,200	-9
Rapeseed	do	3,292	3,934	3,918	3,991	4,220	6
Olive oil	do	1,080	1,195	1,315	1,365	1,175	-14
Palm oil	do	1,285	1,405	1,430	1,445	1,450	0.3
Palm kernel oil	do	420	465	455	445	445	0
Coconut oil	do	2,085	2,210	2,025	2,210	2,220	0.5
Butter, incl. ghee	do	3,650	4,130	4,090	4,280	4,360	0
Meats[9]	Mil. cwt.	[3] 809	975	980	992	1,022	3
Milk	do	6,050	6,665	6,600	6,750	6,800	1
Eggs [10]	Billion	[3] 140	157	164	165	165	0
Lard	Mil. s.t.	[3] 3.2	3.8	4.1	4.0	4.1	2
Tallow & greases	do	[3] 2.5	3.3	3.4	3.6	3.6	0
Tobacco	Mil. lbs.	7,811	8,262	8,458	8,657	8,640	-0.2
Coffee	Mil. 60-kg.bgs.	41.0	61.6	78.4	65.1	76.1	17
Tea	Mil. lbs.	1,302	1,914	1,978	2,046	2,123	4
Cocoa	do	1,658	1,983	2,247	2,628	2,537	-3
Cotton	Mil. bales	38.9	44.3	46.6	47.4	47.5	0.2
Wool	Mil. lbs.	[3] 4,590	5,390	5,615	5,615	5,660	1
Jute	do	3,885	4,629	4,169	3,630	5,065	40
Sisal	do	816	1,231	1,309	1,313	1,327	1
Henequen	do	254	298	358	373	392	5
Abaca	do	280	212	244	232	205	-12

Note: Revised series. For tobacco, fats, oils and oilseeds, livestock products, tea, and hard fibers, the data relate to the calendar year of the first year shown. For other commodities, harvests in northern countries in the first year shown are combined with those in the Southern Hemisphere which immediately follow.

[1] Preliminary. [2] Excluding Communist Asia and USSR. [2a] Selected countries only; not world-wide. [3] 1951-55 average. [4] Dessert and cooking, 20 countries. [5] 31 countries. [6] 28 countries. [7] 19 countries. [8] 21 countries. [9] 41 countries; excludes poultry. [10] 32 countries.

Prepared in Foreign Agricultural Service.

A slightly increased commercial demand and continuing strong demand by less developed countries for wheat is expected for the marketing year 1961-62. World production in the traditional exporting countries and the carryover stocks of wheat in the United States and Canada are adequate, however, to supply the foreseeable demand. By July 1962, Canadian stocks of grain will likely be down to 300 million bushels of wheat and 40 million bushels each of barley and oats.

The world rice crop outside Communist areas in 1961-62 is expected to be 2 percent below the 1960-61 level. (See table 2.) In the rice exporting countries, the reduction amounts to 9 percent, which will probably mean less rice available for movement in foreign trade channels in 1961-62 than a year earlier. Communist China is expected to export some rice, but less than the average amount she exported in 1958-60 because of the country's continued low wheat and rice production.

The consumption of oilseeds in the industrially advanced countries continues to be high, and there is an expanding export movement of vegetable oils under the Public Law 480 programs of the United States. Oilseed production in 1961-62, largely as a result of the increases in soybeans, peanuts, and rapeseed, is expected to exceed the levels of the 2 previous years and surpass the record set in 1958-59. Olive oil and flaxseed show declines below the level of 1960-61. For most other oilseeds, only slight changes are in prospect in 1961-62.

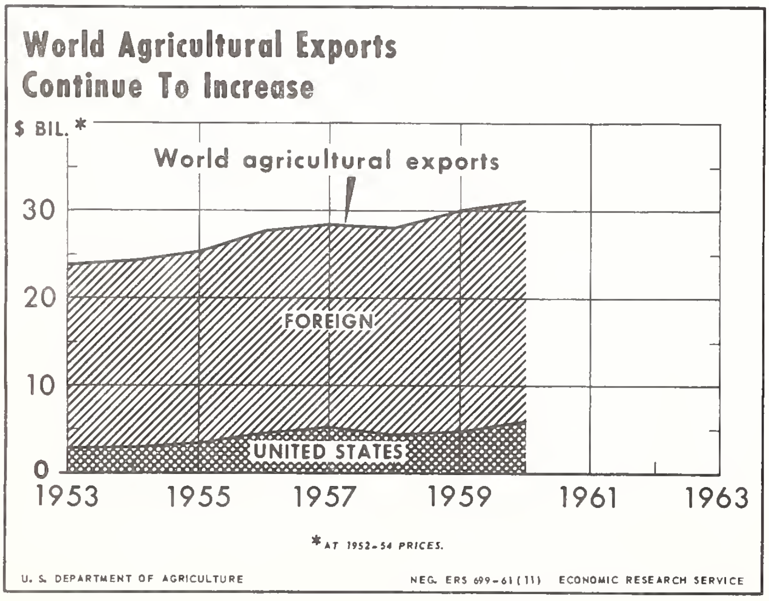
Increased or continued high levels of production and strong demand from importing countries are expected to contribute to a rising level of foreign trade in 1961-62 for fruit, meats, lard, tallow, wool, and tobacco. Some decline from the large volume of cotton that moved in international trade in 1960-61 is expected this year since the low inventories of 1958-59 have now been built up. However, world production is continuing to set new records, and activity in the textile industry at near record levels is expected to maintain raw cotton trade at about 1 million bales or 7 percent above the 1955-59 average.

A high volume of world agricultural trade is likely in 1962 because of the phenomenally high level of economic activity in Western Europe and Japan, renewed growth in United States industrial production and the need for further food imports to implement the economic development programs in the less developed countries.

Contributing substantially to the record level of world trade in farm products in 1961 was the strong demand in Western Europe. This trade was largely on a commercial basis.

Because of the importance of the West European market, non-European countries supplying this market became increasingly concerned in 1961 that the European Economic Community (EEC) would adopt common agricultural policies that would greatly restrict imports of farm products. Discussions took place during 1961 at Brussels between EEC and supplying nations on the future of their agricultural trade relations. Tariff negotiations at Geneva under the General Agreement on Tariffs and Trade also involved EEC and agricultural exporting nations.

Finally, the United Kingdom made application for membership in the EEC, and began negotiations on the conditions surrounding her entry into the European Community. Denmark and Ireland also have applied for membership. The results of these various discussions and negotiations may influence the future pattern of agricultural trade.



Agricultural Prices

With the slight decline in world export availabilities and an upturn in economic prospects in the free world during the second half of 1961, some improvement from last year's low prices of agricultural products in international trade appears likely in 1962.

Prices for agricultural products in world trade averaged lower in the first half of 1961, than in the first half of 1960, but showed a tendency to recover in the latter half of the year. In the second quarter of 1961 food commodities were 1 percent below the level of the same period in 1960, compared with a somewhat greater decline in nonfood agricultural commodities and in all primary commodities.

Table 3.--Price indices of primary commodities, annual totals, 1956-60; quarterly totals, 1960 and 1961[1]

1953 = 100

	1956	1957	1958	1959	1960	1960			1961		
						I	II	III	I	II	III
Total	101	102	96	94	93	94	94	93	91	91	
Food	97	98	94	89	88	87	86	89	86	85	
Non-food: of agricultural origin	101	101	90	94	96	98	98	94	93	95	
Minerals	109	114	108	103	101	102	101	101	99	100	

[1] Index computed in U.S. dollars. Total exports and imports. United Nations Monthly Bulletin of Statistics.

Prices for wheat and flour, soybeans, and jute were appreciably higher in 1961 than in 1960. The price of raw cotton had trended upward since mid-1959. Rice and coarse grains were higher during part of 1961. Prices of several agricultural products were lower in the first part of 1961 than in the first part of 1960 but strengthened and were actually higher in the third quarter of 1961 than in the third quarter of 1960. This is true for example, of corn, wool, linseed oil, and palm oil. Tending upward in the second half of 1961 but still below prices in the second half of 1960 were hides and skins, some hard fibers, and tea.

The prices of only a few important commodities were lower in the later part of 1961 than in the same period of recent years. Depressed world prices of these commodities, which are important sources of foreign exchange for a number of less developed countries, reflected an oversupply relative to demand. There is expected again in 1961-62 a large coffee crop, a relatively large sugar crop, and a cocoa crop slightly smaller than the 1960-61 crop. Signs of a somewhat rising demand for each of these commodities, and the export restrictions under the international sugar and coffee arrangements may tend to prevent further world price deterioration.

Pressure of surpluses on grain prices was moderated during 1961. The supply and requirements for rice in the free world seemed to be in good balance. While exports from Communist China to less developed free countries continued, they were significantly smaller during 1961 than previous years. Rice prices tended to strengthen during 1961, rising approximately 5 percent in major import markets.

Wheat prices tended to rise during much of calendar year 1961, with a rather sharp rise in the third quarter. Among contributing factors were: (1) the cumulative effect of continuing movement of grain in large quantities from export surplus countries to less developed countries and significant sales by Canada and Australia to Communist China; (2) a short crop in the spring wheat belt of North America; (3) and a growing awareness among industrial countries that aid to less developed nations in the form of food, of which wheat would be an important part, would be required of the more fortunate nations for some years to come. Continued firm grain prices appear probable, because of no

burdensome rice surpluses anywhere in the world, a slightly smaller world grain production and carryover for 1961-62 than last year, and shortages of grain in Communist China and Eastern Europe.

A continuing strong demand and only small increases in world output in 1961 tended to strengthen prices of some agricultural products. This was true of cotton, lard, fruit, tobacco, and some vegetable oils.

Aid and Economic Development

International assistance to developing nations in the form of technical assistance, support for agricultural development, and direct shipment of agricultural commodities was at a high level in 1961. The United States provided the bulk of such assistance. Shipments of U.S. farm commodities under the Food for Peace program and the Mutual Security Act in the year ending June 30, 1961, chiefly to developing nations, totaled $1,553 million, the largest since 1957, and represented 31 percent of total U.S. agricultural exports.

Included were 12.6 million metric tons of wheat, 2.9 million metric tons of feed grains, 14.5 million hundredweight of rice, 594 million pounds of dairy products, and 760 million pounds of fats and oils. Shipments under the Food for Peace program also included 1.8 million bales of cotton and 105 million pounds of tobacco.

Shipments of grains are continuing at about the 1961 level in volume. Shipments of other products, including vegetable oils, may run the total volume under these special U.S. programs in the fiscal year 1962 to record levels and in value equal to the 1957 level of $1.9 billion.

To a lesser extent, U.S. shipments were made to industrial countries under agreements whereby these countries shipped an equivalent value of items to developing areas. In addition, raw cotton was shipped to industrialized countries for processing into textiles and then shipped to developing countries.

The impact of these shipments on countries undergoing economic development was threefold. First, the commodities themselves helped maintain dietary levels and in many cases expanded or varied food consumption. As a corollary to this, the availability of these commodities helped temper or prevent inflation and therefore increased real consumer income.

Second, these imports without the expenditure of foreign exchange made possible the use of available foreign exchange resources for the import of other goods and services needed to support economic development.

Third, the local currency funds generated from sales to consumers of the P.L. 480 commodities contributed to achievement of economic development objectives and provided budgetary support to the Governments concerned.

Disaster relief, including a limited amount for donations through voluntary relief agencies, continued to be available during 1960-61. This amounted to $290 million of the total U.S. shipments under the Food for Peace Program in 1960-61.

Emergency relief and aid to countries having problems of undernourishment are being continued in 1961-62. Areas receiving emergency aid will include some West Asian countries, the Republic of the Congo, East Africa, some South American countries, parts of the Caribbean, and Pakistan and India.

Several channels rendering international assistance were utilized and others are being developed. Multilateral aid to agriculture in the developing countries was continued during 1961 by the United Nations. Food was provided through private charitable agencies and UN emergency channels, for example to the Republic of the Congo. Food and technical aid was given to countries with substantial economic development programs by governments on a bilateral basis and by the United Nations. The United States, the more industrially developed countries in Western Europe, and Japan are helping South and Southeast Asian countries under bilateral agreements within the framework of the Colombo Plan. Canada, Australia, and New Zealand as well as the United States give help in kind and in technical assistance. Developing countries within the Colombo Plan group are increasingly helping each other through bilateral technical assistance arrangements.

Last year, consideration was given, especially in FAO meetings, to the 1960 resolutions of the Council of the Food and Agricultural Organization and the United Nations

General Assembly for establishment of new channels for supplying aid to less developed countries through the UN system. As a beginning the United States offered to contribute $40 million in food aid toward a $100 million emergency food aid program. In November, the FAO Conference adopted the proposal.

A UN committee considered during 1961 the importance of agricultural exports in the economy of less developed countries. These countries maintained that agricultural exports at stable levels were vital to their economic development. They emphasized the desirability of measures preventing agricultural exports at low prices. Additional study of international commodity agreements by governments and international agencies, especially for helping less developed countries, is under consideration for 1962.

The Alliance for Progress program agreed to by most Latin American nations and the United States at Punta del Este in August 1961 will get underway in 1962. It is expected to help improve nutrition and develop agriculture in Latin American countries.

Longer-Range Outlook

The more industrial nations and the developing ones acquired a better understanding in 1961 of the importance of international aid in the form of food as a part of programs for economic growth.

Increasingly, the Governments in less developed nations are coming to recognize that most of their progress must come from their own economic efforts. Their new economic plans indicate a growing awareness that they cannot raise the standards of living to desired levels, develop an efficient agriculture, and build a modern industrial plant in the period of 1, 2, or even 3 five-year plans, even with large amounts of foreign capital. At the same time the more developed countries are aware of the need to further the long-range economic development of the southern half of the world. This is indicated by action of West European countries, Canada, and the United States in forming the Organization for Economic Cooperation and Development with special emphasis on provisions for cooperation in development of less developed countries, and by consortia of leading industrial nations of the world, including Japan, on the funding of foreign economic aid, sponsored by the World Bank.

Economic assistance through food and technical aid is a basic part of U.S. foreign and agricultural policy. Economic studies in developing countries and projections of food and agricultural requirements indicate there are many countries that are unlikely to become economically viable without food and other assistance.

The United States Department of Agriculture published "The World Food Budget, 1962 and 1966" in October 1961. This study indicates world food production will not increase fast enough in the next 5 years to provide all countries with an adequate diet. Countries in Western and Eastern Europe (including the Soviet Union), Canada, the United States, Japan, Australia, and New Zealand should be able to produce enough food, or things that can be traded for food to maintain their present high nutritional levels.

Despite a rapid population growth, improvement is seen in "The World Food Budget" for the food supply of Asia (not including Communist areas), Africa, and Latin America for 1962, and further improvement is forecast by 1966. Important gains in agricultural production, including surpluses of traditional crops for export, are indicated for much of Latin America and Africa. But imports of wheat and other food commodities providing calories and protein will have to be increased in those regions if nutritional standards are to be met.

Large deficits will continue for the Far East and Communist Asia for both 1962 and 1966. This large land area, which holds half of the world population on a fourth of the world arable land, accounts for 85 percent of the world food deficit and is the major food problem area of the world.

REGIONAL SUMMARY

Canada experienced a serious drought in the Prairie Provinces in the summer of 1961 which caused overall agricultural output to decline 20 percent below the average for the 10-year period of 1950-59. Grains and oilseeds showed major declines in output, while livestock products and most other commodities showed increases above the level of 1960. Exports of wheat to regular customers and the 34.7 million bushels to Communist China from January 1 to June 30, 1961, contributed to the high level of wheat exports during the crop year 1960-61. Supplies of wheat are expected to be adequate to allow continued exports of wheat for 1961-62 at high levels, though feed grain exports may decline as much as 50 percent, and a substantial amount of oats may be imported.

United States farm output in 1961 is running near the record high level of last year. A decrease in crop production is expected to be largely offset by a larger livestock and livestock product production. The 1961 output of feed grains and wheat is down about a tenth from 1960. Part of this decline was offset by larger crops of soybeans, sugar, fall potatoes, and tobacco. Cotton production is slightly larger than last year. Production of beef, poultry, and milk is up, but pork is down from 1960.

Stocks of food products in 1961 again were high and should be as high this year. With large supplies of food and rising consumer incomes expected to continue to increase in 1962, per capita food consumption is expected to again rise slightly. In 1961, exports of farm products were record high, about 6 percent above a year earlier. In 1962, they should be at about the same level, perhaps slightly higher. Exports of food fats and wheat and flour are expected to reach new record highs this year. Cotton exports may fall considerably short of the quantity exported in 1960-61.

Crop and livestock production in Latin America in 1961-62 is expected to be well above that of the previous year, both on a total and per capita base, and exports of both probably will rise somewhat. Wheat, cotton, and coffee increases in production and exports will more than offset declines in sugar.

Although new economic development projects are getting under way in many Latin American countries, they have not been translated yet into a net improvement in the overall economy of the area. Argentina continues to move ahead, but during 1961 there has been a slowing down of Mexico's upward trend, and little progress has been made in Brazil. The Alliance for Progress program initiated during 1961, however, is expected to help expand both industrial and agricultural production in the years ahead and provide a basis for improving the diets and standards of living in Latin America.

In Western Europe, agricultural production in 1961 is expected to be slightly below the 1960 record, declining 1 percent from the previous year's high level. Per capita production is expected to decline 2 percent. The fall of 1960 was too wet, and most countries experienced great difficulty in getting winter grains planted in time. As a result, the fall-sown grain acreage was down, but the acreage for spring grains was up. Production of wheat, feed grains, roots and tubers, and fruits are down, but livestock production continues its upward trend. Output of both milk and meat is expected to increase.

Boom economic conditions continue to prevail for most countries in the region. Production, trade, employment, and foreign exchange reserves are at record levels, and demand for farm products is strong.

Economic integration continues to make substantial progress, and the United Kingdom, Denmark, and Ireland have applied for membership in the Common Market. Greece has been granted associate status, and the EEC may consider the same status for Turkey.

The total crop area of the Soviet Union increased slightly to 504 million acres in 1961 from 502 million in 1960. The areas under wheat, corn for dry grain, sugar beets,

and cotton increased, but a sharp reduction took place in the corn acreage planted for silage and green fodder. Estimated agricultural production in 1961 showed a small gain over the previous year following a drop during the previous 2 years from the record output in 1958. With only a small increase in production, 1961 was still a disappointing year, particularly in the light of the high goals of the 7-year plan, 1959-65. Unfavorable weather conditions continued to be a serious limiting factor in agricultural production, aggravating the shortcomings of the collective farm system. Shortages of milk and especially of meat were characteristic of the food situation during 1961. The feed supply continues to be a bottleneck in livestock production.

Total net agricultural production in other Eastern Europe is estimated for 1961-62 at about 4 percent below last year, although still above prewar levels. Unfavorable weather--drought in the Danubian countries and wet weather in the northern countries--has resulted in lower grain, potato, and sugar beet production, offsetting a slight increase in livestock production. The area as a whole is expected to increase imports of bread and feed grains although the export level of sugar and animal products is expected to be maintained primarily because of increased exports from Poland.

In Mainland China agricultural conditions continued to deteriorate in 1961 with the northern part of the country again suffering from prolonged drought. Fall sown grains, especially winter wheat, were heavily damaged. The regime has made many changes in the organization of peasants and investment priorities in an attempt to improve agriculture. But, these have not proven successful.

Agricultural production in the Far East, excluding Communist areas, just kept pace with population increase, with East Asia showing a slight increase per capita, offset by a decline in South Asia. Rice, the most important crop in the region, was down 1 percentage point. Other grains were up with the exception of barley which was reduced sharply in Japan. Pulses recovered almost to the 1959 level. Root crops, sugar, tobacco, and most of the important oil crops also increased. Cotton, jute, and other fibers had a record year.

Export earnings for several Far East countries were down because of lower prices of copra, rubber, and tea. On the other hand, export prices for rice, tin, and jute were higher than the previous year. Imports of U.S. agricultural products reached record levels with Japan once again becoming the leading market.

In West Asia, agricultural production in 1961-62 is expected to increase between 1 and 2 percent over last year. Some relief from prolonged drought is likely to make for gains in nearly all countries, but much of the gain will probably be offset by poorer crops in Turkey, the area's major agricultural producer. A most spectacular increase is indicated for Jordan--with production up nearly 80 percent over last year. Turkey's wheat crop, estimated to be down some 14 percent from 1960-61, will leave a substantial shortage of foodgrains in that country.

Total agricultural production for Northern Africa is expected to rise 3 percent during 1961-62 from the previous season leaving per capita production unchanged. Egypt, which accounts for almost one-third of the farm output of the area, will likely have considerably less production in 1961-62 than last season; most other countries will probably record increases to more than overbalance Egypt's shortage.

In Africa south of the Sahara production seasons run later than in Northern Africa making it impracticable to forecast 1961-62 production country by country as in Northern Africa. Production is expected to continue its upward trend through the 1961-62 crop year. The 1960-61 output in Southern Africa advanced about 3 percent over the previous year. Record crops of cocoa, coffee, tea, pyrethrum, sisal, and corn were registered in several countries. Political disturbances in some areas depressed agricultural production to counteract a portion of the gains in other areas.

In Australia, in 1961-62 grain crops generally are expected to be below 1960-61 levels due to dry weather conditions; tobacco and sugar crops also will be down because of marketing difficulties; and wheat shipments are expected to be limited because of the lowered production and critical stock situation. Declines in rural income in 1960-61 were partially offset by favorable export marketing opportunities for wheat, wheat flour, and feed grains, with particularly large shipments to Communist China. In New Zealand, most crops will be maintained at 1960-61 levels. In both areas, declines in crop production will be offset by increased production of livestock products, particularly wool, beef, and milk.

COMMODITY SUMMARY

Grains and Seeds[1]

World grain output estimated for crop year 1961-62 is substantially below the levels of the past 3 years. The reduction is due largely to smaller crops of wheat and feedgrains in North America and Europe, and to the continued grain production difficulties in Communist China encountered since 1958.

Wheat production is forecast at 7.95 billion bushels, the smallest crop in the past 4 years but still well above the average of the early 1950's. Substantial reductions from the high 1960-61 level in North America, Western Europe, and Asia, were offset only partly by estimated increases in the Soviet Union and South America.

Supplies for 1961-62 in the exporting countries of North America are much less than in 1960-61, mainly because of sharp reduction in Canada's supply. In the United States increased carryover partly offset reduced production, leaving total supplies only 2 percent less than a year ago.

Western Europe's output was the smallest since 1956 because of reduced acreage. Bad weather prevented seeding the intended area of winter wheat. Import requirements for that normally deficit region therefore will be larger than in 1960-61 when 515 million bushels were imported.

Total production in Eastern Europe appears about the same as in 1960 with smaller harvests in some countries offset by larger crops in others.

Wheat output in the Soviet Union is estimated somewhat larger than in 1960 but well below the record harvest in 1958. Exports in 1960-61 were 135 million bushels.

Estimated production was down in Asia, mainly because of reported reductions in Mainland China. Turkey's outturn was also smaller, in contrast with record crops reported for India and Japan.

Smaller harvests are reported from all parts of Africa and the continental total is the smallest since 1948.

The outlook is for good harvests that began in November in Southern Hemisphere countries. South America's outlook is for a larger outturn than last year mainly because of Argentina's better prospects. Supplies available for export from that country, however, may not be significantly increased since smaller carryover offsets the larger prospective crop.

Small carryover stocks as well as a smaller crop in Australia likely will bring that country's export potential considerably below the record movement of 1960-61 when a record crop and substantial carryover supplied 235 million bushels for export.

World rice production outside Communist areas in 1961-62 is forecast at 2 percent below the 1960-61 harvest. The decrease is due mainly to acreage losses from floods in Asia. Average yields per acre are expected again to be at a high level.

The world harvest, excluding Communist areas, is forecast at 147.5 million metric tons of rough rice, compared with 150.8 million in 1960-61, and the average of 114.6 million in 1950-51/54-55. Acreage declined 4 million acres from the previous year, or 2 percent.

Estimated production of exporting countries in the Free World is down 9 percent, despite gains in some areas. Production increased in Thailand and Cambodia, but is down in Burma.

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[1] Prepared in the Foreign Agricultural Service.

In Egypt and South Vietnam, where weather reduced the crops, rice will not be available for export in 1962. Rather than exporting, Taiwan will again be a net importer of rice.

Demand in importing countries will be strong in 1962. Although India and Pakistan likely will import less rice, requirements of Indonesia are up because of drought. Malaya, Ceylon, and the Philippine Republic probably will continue heavy imports. Japan is expected to take less rice than in 1961. Production in the Communist Bloc is expected to be below the large crop of 1958. Communist China will continue to export rice, although not at the 1958-60 average level..

World feed grain production is expected to be below the record 1960 total. Preliminary surveys indicate smaller outturns of barley, oats, and corn and the combined tonnage may be about 7 percent smaller than last year's record. Reduced crops in North America, Europe, and Africa account for most of the decrease.

In addition to sizable reductions of the above grains, the United States has a considerably smaller grain sorghum crop. Total supplies of grain sorghums for 1961-62, however, are expected to be only slightly below the 1960-61 record since carryover stocks are at a new high.

Western Europe's tonnage of feed grains is slightly below the 1960 production and import requirements are expected to be slightly above the 16 million metric tons imported in 1960-61.

Production in Eastern Europe is well below the 1960 level mainly because of smaller corn crops in the Danube Basin countries. Export surpluses in Yugoslavia and Rumania likely will be curtailed sharply this season.

Production of feed grains in the Soviet Union is estimated to be slightly larger than in 1960 because of a larger corn crop.

Feed grain crops in Africa were much smaller than in 1960 and well below average, especially in northern countries.

Total supplies of grass and legume seed, according to preliminary estimates, will be about equal to those of the previous year. The 1961 production and carryover in North America are running somewhat smaller than 1960, while those in Europe are probably somewhat larger. Supplies of most kinds of these seeds probably will be ample, but U.S. exports are expected to drop to around 45-50 million pounds compared with the record 63 million pounds the previous year.

Vegetable Oils

World production of vegetable oils in 1962 is expected to reach a record 17.4 million metric tons, only 1 percent above the previous record of 1961 but one-third above the 1950-54 average. A new high in edible oils, which represent 70 percent of the total vegetable oils, probably will account for all of the increase. The palm oils are expected to approximate the 1961 tonnage, but industrial oils will be the smallest in many years.

Edible vegetable oil production in 1962 will increase possibly 3 percent from a year earlier, reflecting primarily the large U.S. soybean harvest and the near-record peanut crops in India and West Africa. No significant changes from 1961 are expected in production of cottonseed, sunflower seed, rapeseed, and sesame seed oils, but olive oil output in the Mediterranean basin is expected to be down appreciably.

There is presently no indication of any major change in the production of the palm oils in 1962. Copra production in the Philippines the first half of 1962 may drop sharply, reflecting the near drought in important exporting areas during the first 9 months of 1961. Palm oil and palm kernel oil production normally does not vary greatly from year to year. The production level in the Congo probably will be maintained in view of increasingly larger oil palm acreages coming into production in the Western area. However, transportation difficulties probably will continue to hamper movement to port and, in turn, curtail exports.

Production of industrial oils is expected to drop significantly in the coming year to possibly the lowest level since 1955. Virtually all of the decline will be in linseed oil. World production of flaxseed in 1961 was down almost 10 percent from 1960 largely because of the sharply reduced crops in the United States and Canada. Despite the 11 percent increase in plantings, the Argentine crop at best can only partially offset the decline in

North America. Little change is expected in the production of castor oil, but tung oil output may be down. Argentina's tung oil production probably will be sharply below last year's, and availabilities to the Free World from Mainland China are not expected to increase from the limited quantities available in 1961.

World demand for vegetable oils is expected to continue strong in 1962. Expanding world population accounts for much of the rising demand each year, and per capita consumption is increasing in some less developed areas where purchasing power is improving. Western Europe's demand for vegetable oils in 1962 is expected to be greater than in 1961 when imports of vegetable oils declined from 1960 because of large stocks and increased production and consumption of butter.

The demand for oilcake and meal is expected to continue strong in 1962, exceeding last year's demand and possibly even approximating the exceptionally heavy demand of late 1959 and early 1960. The unusually mild weather in the fall of 1961 in Western Europe lessened the need for oilcake and meal during the fourth quarter of 1961.

With increasing demand, world exports of vegetable oils (including the oil equivalent of oilseeds) also are expected to reach a new high of 5.8 million metric tons in 1962. Most of the increase is expected to come from larger shipments of U.S. soybeans and soybean oil from the record 1961 soybean harvest. Some increase also is expected in U.S. cottonseed oil from the reduced export level of 1961. And a further expansion from last year's high level is expected in West African exports of peanuts and peanut oil. These increases probably will result in a total expansion in edible vegetable oil exports of 15 percent. Little variation from recent years is foreseen in exports of palm oils. Exports of industrial oils likely will decline mainly because of reduced shipments of flaxseed and linseed oil. The United States is expected to supply almost one-third of the total exports, a slightly higher proportion than previously, again chiefly because of the exceptionally large soybean crop.

World exports of oilseed meals (including the meal equivalent of oilseeds) are expected to increase in 1961-62 from the reduced level of a year earlier. United States exports, which account for over one-third of the world total, will be up sharply from 1960-61 and are expected to exceed the 1959-60 record.

Fruits, Nuts, and Vegetables

World production of citrus fruit and world trade are expected to continue to rise in 1961-62. Increases are anticipated both in the United States and the Mediterranean producing areas.

Deciduous fruit production will be less than last year, primarily because of smaller apple and pear crops in the principal European importing countries this season. Mediterranean countries' supplies have increased, however, and European trade will increase. U.S. crops have increased, also, and U.S. exports of fresh apples and pears will be larger this season than last.

World production of canned deciduous fruit in 1961 may have been the heaviest on record. Although the total Southern Hemisphere pack is about the same as in 1960, the U.S. pack increased to a record-large volume. International trade in canned deciduous fruit in 1961-62 probably will exceed the previous season's record level.

World production of both raisins and prunes is substantially larger than the short 1960 crop and also above the average production of each. The volume of exports of each is expected to be considerably larger than in 1960-61. U.S. 1961 raisin production, which is well above average, will enable heavy U.S. exports again; but another small U.S. prune crop in 1961 means continued reduced exports.

World production of almonds is more than double the 1960 output and nearly double the average, while 1961 filbert output is above 1960 but still below average. U.S. 1961 production of both crops is larger than in 1960 and the average. World almond trade may reach record proportions in 1961-62. World walnut production is down from 1960 and exports are also expected to be lower.

Production of potatoes in 1961 in major producing countries is slightly smaller than in 1960, but practically the same as in 1959. The North American crop is larger, while the European crop is down slightly. Supplies range from adequate to surplus in most major producing areas.

Dry bean production in 1961 in 28 reporting countries showed little change from 1960. Decreased production in Japan, Turkey, and all major producing areas in Europe was offset by larger crops in Brazil, the United States, and Mexico, the three largest bean producers in that order. Of the three named, the United States is the only bean exporter.

Livestock and Livestock Products

The growth in world output of livestock products evident since the end of World War II continued at a moderate rate in 1961, and is expected to rise somewhat more rapidly in 1962.

Numbers of hogs, sheep, and cattle are up in 1961, and are expected to increase again in 1962. The world cattle and buffalo population in 1961 is estimated at 1,011 million head, 5 million more than a year earlier. World hog numbers totaled 463 million at the beginning of 1961, higher than any previous year except 1960. During 1961 hog numbers increased in most important producing areas of the world, except Mainland China, and reached new record highs in Western Europe. World sheep numbers totaled 976 million at the beginning of 1961, about 4 million below a year earlier.

Meat production in 41 countries, which produce about 85 percent of the world supply, established a new high record in 1961. It reached about 102 billion pounds, compared with 99 billion pounds in 1960. The increase during 1961 continues the upward trend since 1951 in per capita output. At least 15 countries, including 9 in Western Europe, will probably consume more than 100 pounds of red meat per person per year in 1961 and 1962. Beef and veal likely will represent about half of the meat consumed in the world, excluding Communist China. Pork consumption is expected to make up 41 percent; lamb, mutton, and goat 8 percent; and horsemeat, about one-half of 1 percent.

Economic prospects for meat-animal producers in 1962 continue to be good. However, record pork production may adversely effect hog prices in Western Europe. And New Zealand, Australia, and Argentina are apprehensive about exporting increasing supplies of lamb at favorable prices.

World meat trade totaled 6.3 billion pounds in 1960, and probably increased in 1961. During 1960 world exports were 1 percent less than a year earlier. Argentina, Uruguay, Brazil, and Paraguay generally move meat to the United Kingdom and other countries of Western Europe. And the United States is a fairly large market for canned beef. Meat from Australia and New Zealand mainly moves to North America and Western Europe. The net exporting countries in Western Europe--Denmark, the Netherlands, Ireland, France, and Sweden--ship to deficit countries in the same general area. Poland and Yugoslavia are the principal exporters in Eastern Europe, with Poland shipping chiefly to the United Kingdom and the United States, and Yugoslavia to Czechoslovakia, East Germany, and the United Kingdom. Bulgaria, Hungary, and the Soviet Union also ship largely to Czechoslovakia and East Germany. Before 1961 the USSR was a large importer of pork products from Red China. In 1961, the USSR imported some meat from Hungary and other countries of Eastern Europe. Japan has been a growing importer and has obtained most of its supplies from Oceania.

New Zealand became the world's leading exporter during 1960, delivering 1,060 million pounds of meat. Denmark was second with 1,032 million. Argentina, usually first, dropped to third place. The fourth to tenth largest exporters ranked in size were Australia, the Netherlands, USSR, France, Ireland, Poland, and Yugoslavia. The 10 leading shippers accounted for 82 percent of the meat entering world trade.

The United Kingdom imported 3.5 billion pounds of meat during 1960, 54 percent of the total entering international commerce. U.S. imports declined substantially in 1960 accounting for 16 percent of all trade, but rose again in 1961.

There was little change in world output of lard in 1961 from the high level of 3.6 million metric tons (including Communist China) in 1960. A moderate rise in production is expected during 1962 in both North America and Europe.

World lard exports fell sharply in 1961 from the record of 409,144 metric tons in 1960. U.S. exports in 1961 were below the high level of a year earlier because of reduced shipments to Cuba and the United Kingdom. More was used in domestic shortening.

European Common Market countries are reducing internal tariffs, thereby encouraging lard trade within the economic bloc. European hog production is rising, and lard is facing strong competition from vegetable shortenings in many areas of the world.

World tallow and grease production increased in 1961 to new record highs and a further increase in output is expected during 1962. Output is likely to rise in the U.S. and in most other important meat producing countries.

World trade in tallows and greases was maintained at a record or near record volume in 1961. World trade may rise in 1962 because these materials will generally continue as the lowest priced fats in world markets. Use of animal fats in soaps is declining in some more advanced countries but is expanding in underdeveloped areas. Use of tallow as an ingredient in poultry feeds is creating a new demand for the product in Western Europe.

With favorable weather in most of the major dairy producing regions, world milk production in 1961 is estimated at 680 billion pounds, up about 1 percent from 1960. Substantial gains in output in North America, and in the larger countries of Western Europe, France, and West Germany in particular, were more than sufficient to offset declines in the smaller countries--the Netherlands, Norway, Sweden, and Switzerland.

World production of the major manufactured dairy products also increased in 1961. Butter output is estimated at 10.7 billion pounds, up about 2 percent from 1960. Output of cheese will be up sharply, that of canned milk about the same. Production of nonfat dry milk was again higher, but output of dry whole milk declined.

World exports of dairy products in 1961 were up somewhat because of: (1) a substantially larger production of butter, nonfat dry milk, and cheese; (2) lower prices for butter, nonfat dry milk, and most cheeses; (3) more extensive use of export subsidies to move heavy stocks of butter and nonfat dry milk. Increased shipments of butter came mainly from the minor exporting countries in Europe. More butter was shipped to East Germany and the USSR, as well as the United Kingdom, in 1961. Increased shipments of cheese came mainly from the Netherlands and New Zealand. Larger quantities were taken by West Germany and the United Kingdom, the traditional markets.

Exports of processed milks were up except for dry whole milk. But the substantially lower volume of trade in dry whole milk was more than offset by larger shipments of nonfat dry milk from the United States, Canada, and France, and increased exports of condensed milk from the Netherlands.

Indications point to a continued high level of milk production in 1962. Support programs will likely continue to provide incentive for a high level of production in 1962, although the existence of large year-end stocks of butter and nonfat dry milk in some of the major dairy producing and exporting countries will maintain severe pressure on prices. Export outlets for some items will become increasingly difficult and price reductions or direct consumer subsidies may be required to reduce excess stocks of butter.

World egg and poultry production was up again in 1961 because of another record high output of poultry meat. Output of poultry meat was up sharply in Western Europe, where major emphasis continued to shift to meat-type chickens, and in North America. Although declines in egg production again were recorded in some of the major producing countries in 1961, output in most of the smaller countries continued to expand and total egg production remained at about the 1960 level.

Demand for poultry meat in Western Europe remained strong throughout 1961 and world exports of this product continued to gain. Imports into West Germany, Switzerland, and the Netherlands, accounted for about three-fourths of total world imports. In recent years the United States has been an important supplier in these markets, particularly in West Germany.

World production of poultry meat is expected to increase again in 1962. While world trade is expected to remain at a high level, the sharp upward trend of recent years will probably begin to level off in 1962.

Sugar and Beverages

Largely responsible for the slackened world sugar production this year are restrictions in acreage of beets in European countries burdened with surpluses from last year's bumper crop, and somewhat lower yields per acre in most countries. Cuba's 1962 production might be about 5.4 million metric tons raw value, partly because of the heavy

carryover from the season just ended. No ratoon cane of 2 years growth is available because Cuba cut all available cane in the last harvesting campaign and reduced fertilizer applications. Burdensome stocks and unpromising export prospects also have helped reduce output in Argentina, Turkey, and India. Countries increasing sugar production primarily include African countries moving toward greater self-sufficiency, and many areas in Latin America.

World sugar supplies will be in better balance with demand by the end of this sugar-marketing year. World consumption continues to increase at about 2 million tons per year.

Non-centrifugal sugar production continues important in a few countries, principally in southern Asia and in Latin America. Some increase in production is expected this season in India, where more emphasis probably will be placed on domestic needs and less on centrifugal sugar for export.

World production of green coffee for the marketing year beginning October 1961 is estimated at 76.1 million bags (132.276 pounds), 17 percent above the 1960-61 crop and only 3 percent below the previous all-time record production of 1959-60. World exportable production for 1961-62 is estimated at 62.4 million bags, almost 20 million bags above import requirements. Stocks likely will continue to build up to approximately 90 million bags at the end of September 1962.

Prices of coffees remained relatively stable during 1961, but there have been slight declines for several types, with Centrals showing the greatest decrease.

The International Coffee Agreement was extended on September 27, 1961, for another year. The Agreement, basically a fixed-export-quota arrangement, includes 15 Latin American countries, 8 African producers, and the United Kingdom and Portugal who signed on behalf of their territories. The attainment of reasonable stability in prices by orderly marketings of coffee is the short-term objective. Efforts are being intensified to develop a long-term coffee agreement with producing and importing countries.

World cocoa bean production for 1961-62 is estimated at 2.5 billion pounds, slightly less than the alltime record of 1960-61. The world's 1961 cocoa availabilities again increased world stocks although consumption is continuing an upward trend.

The United States had an increase of over 12 percent in grindings for the first 9 months of 1961, compared with the similar period of 1960. The Netherlands, Western Germany, the United Kingdom, and the United States are major grinders of cocoa beans.

Exports of cocoa beans to the Soviet Union jumped to 120.4 million pounds in 1960 from an average of 46.5 million pounds for the 1955-59 period. Nigeria, Brazil, and Ceylon were recent suppliers. Ghana, Cameroun, and the Ivory Coast have supplied cocoa beans to the Soviet Union for some time.

World supplies of cocoa in 1961 are expected to be more than adequate to meet requirements.

World tea output for 1961 is forecast at 2,123 million pounds, up 4 percent over the 1960 crop of 2,048 million pounds. India, which produced 34 percent of the world total, is the largest producer. The 1961 crop is estimated at 725 million pounds. Ceylon, the second largest producer, and India account for 55 percent of the world's tea. African output continues to increase with production forecast at 109 million pounds, more than double the 1950-54 average. South American production is increasing rapidly. Argentine output rose to 11 million pounds from the 1950-54 average of about one-half million. This increase is due to overcoming processing and storage handicaps plus expansion of acreage.

The United Kingdom is the largest importer of tea with a per capita consumption of nearly 10 pounds. The United States is the next largest user with a little over one-half pound per capita. During 1960, tea imports into the U.S. totaled 115 million pounds compared with 109.6 million pounds for 1959. Ceylon was the largest supplier with 48 million pounds or 42 percent of the total.

Tobacco

World tobacco production in 1961 totaled about 8.6 billion pounds, about the same as in 1960.

Flue-cured production continued at a high level in 1961 at 3.3 billion pounds, about the same as in 1960. A record crop of about 237 million pounds was produced in the

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Federation of Rhodesia and Nyasaland, 7 percent larger than the previous record of 222 million harvested in 1960. In both Canada and India the flue-cured crops were near the all-time highs of 1960. The U.S. harvest was slightly above the 1.25 billion pounds in 1960. Flue-cured tobacco again was the most important kind produced and exported in 1961.

Severe incidence of blue mold sharply reduced the volume of production in several European countries. Italian tobacco was hard hit, with preliminary data indicating a crop of only 60 million pounds, compared with 153 million in 1960. In Yugoslavia and France tobacco crops also were affected by blue mold, but not to the same extent as in Italy.

Oriental tobacco production in 1961, at 1.0 billion pounds was about the same as in 1960. Increases in Greece, the USSR, and Iran partially offset declines in Turkey, Italy, and Yugoslavia. Oriental tobacco, used mainly in cigarettes, ranks second to flue-cured in world leaf tobacco trade.

Free world exports of unmanufactured tobacco in 1961 are estimated at about 1.5 billion pounds, the same as in 1960. The U.S. share in 1961 probably is about one-third of the market, about the same as in the previous year. In 1950-54, the U.S. share averaged 38 percent.

World tobacco trade during the past 2 years was sharply above the average of 1,251 million pounds exported in 1950-54. Short crops in Western Europe, the major importing area, and steadily increasing tobacco consumption are the major factors resulting in a larger level of world trade.

Cigarettes account for most of the increase in world tobacco consumption. Output of cigarettes reached a record 2,227 billion pieces in 1960--5 percent larger than in 1959. A larger-than-expected rise in cigarette output in Western Europe and South America, combined with the expected increase in Asia and Oceania, caused the 1960 gain to top the previous year. The United States, however, with an output of 507 billion pieces in 1960, was the world's largest cigarette manufacturer.

Fibers

The world cotton situation in 1961-62 repeats last season's close balance of total production and consumption. Both are near record highs of the past 2 years. However, some decline in world cotton trade is expected, following the record volume of 17.4 million bales in 1959-60 and 16.8 million last season. The rising trend in cotton prices which began in mid-1959 is continuing.

Estimated total supply for 1961-62 of 68.0 million bales (500 pounds gross weight except U.S. in running bales) is unchanged from 1960-61. A rise of about 0.1 million bales in production probably will about offset a decline in beginning stocks. World consumption for 1961-62 is placed at 47.3 million bales, within 1 percent of estimated production, and close to the 47.4 million-bale figure of 1960-61.

A decline in world cotton stocks at the beginning of each season since 1956 to the 20.5 million-bale figure of 1961 has been accompanied, and heavily influenced, by the 5-year decrease in the U.S. carryover to 7.2 million bales. This is less than half the alltime high of 14.5 million in 1956. However, beginning stocks elsewhere in the Free World for 1961-62 were up 1.0 million bales from a year earlier with 0.6 million of the increase in importing countries.

Significant decreases in cotton crops this year in Mexico, Egypt, and India appear to be about equaled by production increases elsewhere abroad, particularly in Brazil, Sudan, Spain, Greece, and several countries in Central America and the Middle East. The U.S. crop of 14.6 million bales including "city crop" compares with 14.4 million in 1960-61. World production in 1961-62, estimated at 47.5 million bales, will set a new record exceeding last year's alltime high by 0.1 million and the 44.3 million average of the last 5 years by 3.2 million bales or 7 percent.

The overall prospect for cotton consumption in 1961-62 continues favorable with only a 0.1 million bale decrease expected from 1960-61. A 0.6 million bale decline in major importing countries including Communist, will be offset by an estimated increase in consumption of somewhat more than 0.5 million in the United States and some in other exporting countries. The leveling-off tendency of cotton consumption in the major importing countries this season is due in part to cyclical tendencies. This also reflects

slower sales of yarns and products, and some reaction to higher prices of both cotton and the manufactured products.

The expected decline in 1961-62 of about 1.0 million bales in world exports will be only slightly less than the 1.1 million-bale drop in U.S. shipments. U.S. exports, estimated at 5.5 million bales, likely will be 8 percent below the 5-year average and will constitute 35 percent of world trade, compared with close to 40 percent during the last 2 years. Practically all of the decrease from last season in total trade stems from lower consumption and stocks in importing countries. Export movements of U.S. cotton in August and September 1961 were substantially larger than in the same months a year earlier. But it is expected to be smaller in the remaining months of the current season, as larger crops from a number of other countries, offered at highly competitive prices, resulted in volume sales.

The longer-term outlook for cotton appears to favor a continued rise in world production and consumption. U.S. policies and programs will continue to exert a major influence. Higher world cotton prices would stimulate cotton production in many foreign countries and would tend to accelerate the rate of increase in the production of competing manmade fibers.

World wool production during the 1961-62 season is estimated at a record 5.7 billion pounds, grease basis, up 1 percent from a year earlier and 23 percent above the 1951-55 average.

Carryover stocks of wool are relatively low and world consumption is expected to equal production. With supply and demand closely in balance, prices are expected to remain rather stable. Wool prices are well below those of some earlier years but appear to be high enough to encourage an expansion in sheep production in Australia and New Zealand. Oceania produces about 40 percent of the world's wool and the bulk of the exportable supplies.

World jute production in 1961 is a record 5,065 million pounds compared with the exceptionally small crop of 3,630 million in 1960 and the previous high record of 4,629 million in 1958. Pakistan and India produce 96 percent of the world supply. Increases were reported from most of the producing countries.

World consumption of jute was below normal in 1960 because of scarce supplies and high prices, but resumed its upward trend with the favorable outlook of more supplies in 1961. The price is likely to average a record high during 1961, although there was a decline in the third quarter.

Stocks were generally low at the beginning of 1961, but are estimated at about normal by the end of the year. Exports from Pakistan, principal exporter of raw jute, were only 1,196 million pounds in 1960-61, but are forecast at 1,800 million for 1961-62. The 1960 exports compared with 1959 decreased 71 percent to the Americas, the same to the Soviet Union, 37 percent to Asia, and 35 percent to Europe, but rose 16 percent to Africa (purchaser of only 10 percent of the total).

World production of sisal, abaca, and henequen (the principal hard fibers) increased to 1,924 million pounds in 1961 from 1,918 million in 1960 and 1,911 million in 1959, each year establishing a new record. Sisal was at 1,327 million pounds - 14 million above 1960 and 551 million pounds or 71 percent above a decade ago. Demand was strong in 1960 when buyers assured themselves of future supplies in the face of unsettled political conditions in Africa (principal source of the fiber). The 1961 year began with ample stocks, but the upward trend in consumption began to level off with less demand in Europe, and the price fell gradually through the year.

Abaca production in 1961 at 205 million pounds was the lowest in many years because of lowered output in the Philippines. Demand was down. The average price for the year was below that of the past 2 years, but still exceeded all other years except the peak of 1951. Consumption suffered competition from nylon for ropes and henequen for padding. Henequen production of 392 million pounds in 1961 continued an upward trend, 5 percent above that in 1960. Mexico accounted for the increase. Supplies were plentiful (especially of lower grades), and demand was good. The price fell some, but remained above that of the 6 years 1954-59.

SITUATION
By Country and Area

Canada

Agricultural production in Canada in 1961 was 24 percent below the level of 1960, and 20 percent below that of the 10-year average 1950-59. A severe drought in the Prairie Provinces particularly reduced grain production and lowered forage and oilseed outputs.

There were, despite the drought, many bright spots in 1961. Abundant rainfall occurred in Eastern Canada, and fall weather was generally good for maturing and harvesting crops throughout the country. Exports of wheat for the 1960-61 crop year, totaling 354 million bushels, were the highest in the last 9 years. Prices received by farmers were slightly higher than those of 1960, and farm cash income may equal the all-time record of 1960.

If Canada should have another dry year in 1962, wheat supplies would become low and feed grain shortages would be serious. The Canadian 1961 crop of 262 million bushels was the smallest since 1937; the rye crop of 6.2 million bushels was the smallest since 1945; the barley crop of 123 million bushels, the smallest since 1949; and oats crop of 333 million bushels, the smallest since 1954. The Canadian 1961-62 wheat supply is expected to be sufficient for this season's export and domestic demands, and at the same time provide a carry-over of about 300 million bushels next July 31. The high level of Canadian exports of wheat to regular customers, and the 34.7 million bushels to Communist China, during the 1960-61 marketing season helped to reduce the large Canadian wheat stocks.

Feed grain supplies at the beginning of the 1961-62 year were 20 percent below last year. Barley supplies were sufficient to provide most of the domestic demand and to supply about half of the average export volume which averaged 76 million bushels during the 10 years (1950-51 to 1959-60). Oats supplies were short and for the first time since 1937-38 a substantial volume may be imported during 1961-62. The corn crop was the largest on record. Nevertheless, corn imports during the current marketing year may exceed 20 million bushels due to the reduced supplies of oats and barley.

Oilseed production in 1961 was 20 percent below last year. The flaxseed crop, damaged severely by drought in some areas, totaled 15.3 million harvested bushels, a decline of about 35 percent from 1960. Rapeseed production almost equaled the 1960 record and the soybean crop set a new all-time high.

The 1961 production and consumption of beef, veal, and mutton increased over the previous year, while pork production and consumption decreased, continuing 1960 trends. Beef production is likely to be up by 5 percent in 1961, but pork production is expected to be 2.6 percent lower than 1960. Prolonged drought in the Prairie Provinces threatened the cattle industry beginning in July 1961. Heavy liquidation and "fire sales" were averted by the use of emergency Government feed programs and by the strong U.S. steer market that held prices firm throughout the summer and fall. Prices of both hogs and cattle have held up remarkably well.

A record 1961 production of 18.9 billion pounds of milk is estimated, 2 percent larger than the previous year. Practically all the increase is going into butter production, but butter consumption is estimated at 12 percent less than in 1960. Government butter stocks are up 55 percent.

Production in 1961 of eggs is expected to equal 1960 production of 457 million dozen. The national flock at the end of the year is expected to be a little larger than at the beginning of 1961. The poultry meat industry expanded rapidly with estimated production up 23 percent and consumption up 17.4 percent over 1960. Poultry meat prices have been competitive with beef and pork, especially since May 1, 1961. Imports of poultry meat,

largely from the United States, are expected to be about 12 percent less than 1960 imports.

Large crops of peaches and cherries were the outstanding features in Canadian fruit production this year. The apple crop estimate of 14.9 million bushels is slightly above the amount harvested in 1960. The 1961 potato and dried pea crops are slightly higher than in 1960, while the dried bean crop is estimated 32 percent larger than the previous year. Tobacco acreage for 1961, at 137,265 acres, is equal to the record acreage of 1957, but the yield per acre was 10 percent below that of 1960 for all types. Tobacco produced is estimated at 209 million pounds (farm sales weight) only slightly below the 1960 record crop.

During the decade ahead Canadian production of the major crops and livestock should continue to become more efficient and to expand. Production practices are constantly being improved, and the Government provides incentives in many ways, including price guarantees and insurance against worst of weather hazards.

Given continuation of the high level of economic activity in the nonagricultural sectors that have characterized Canadian industry since World War II, domestic consumption should absorb an increasing percentage of fruits, vegetables, and meats. In addition to wheat, flaxseed and tobacco should continue to be among the leading exports. Edible oilseeds, cotton, and fruit, particularly citrus fruit, should continue to be among the leading imports.

United States

Total farm output for 1961 is running near the record high level of 1960 and about 26 percent above the 1947-49 acreage.

Crop production for 1961, much of which will be marketed in 1962, is down a little more than 3 percent from 1960. However, crop marketings in 1961, part of which came from the record large 1960 crop, are expected to total nearly as large as last year. Output of corn and grain sorghums, despite record-high yields, is considerably below 1960 production due to cutbacks in acreage under the Government's 1961 Feed Grain Program. Output of wheat was expected to be about 10 percent below 1960, largely due to drought damage to the spring wheat crop. Partly offsetting the smaller output of grains are probable increases of 27 percent in soybean production, 16 percent in sugar crops, 11 percent in fall potatoes, and 3 percent in tobacco. Cotton production is slightly larger than 1960.

Livestock and livestock product output is expected to be about 4 percent larger in 1961 than in 1960. Beef production is record high, up 3 percent from 1960, while pork production in 1961 is slightly below a year earlier. Broiler output in 1961 is expected to be about 12 percent larger than 1960 and the turkey crop may have been as much as 26 percent larger. Milk output also is expected to be up again somewhat.

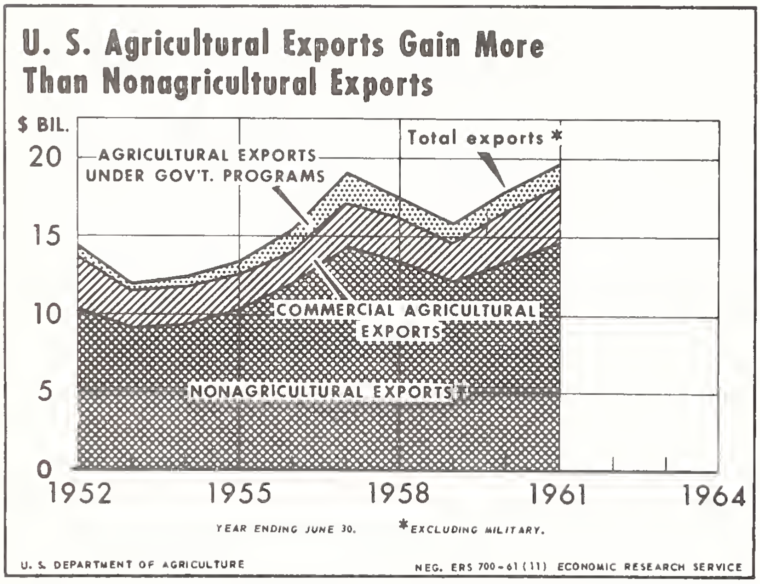
Output of various major crops will again be subject to acreage limitations in 1962. The Feed Grain Program will be basically the same as for 1961, although the diverted acreage provision has been extended to barley. A program similar to feed grains is in effect for the wheat crop to be harvested next summer.

Livestock production will increase again in 1962 and result in a further rise in marketings, particularly of hogs, cattle, and dairy products. Total beef production is expected to be up only about 2 percent over 1961, while pork production is expected to be about 3 percent higher increasing consumption by about a half pound per person.

With higher Government price supports on major crops and some strengthening of domestic demand, prices received by farmers for 1961 as a whole are expected to average about the same as 1960. The outlook for 1962 points toward little change overall from the average level of this year, assuming continuation of present farm programs and support prices. Some further rise in average crop prices is in prospect in 1962 and livestock product prices may average close to levels of 1961. The 1961-62 marketing year average prices received by farmers for wheat, feed grains, and soybeans are expected to be higher than a year earlier. Prices received by tobacco growers for the 1962 crop are likely to average about the same as 1961. Hog and egg prices are expected to be slightly lower, cattle relatively unchanged, and turkeys, perhaps somewhat higher late in 1962.

Economic activity picked up during the year 1961 and is expected to continue its increase in 1962. The rise in consumer incomes and generally stronger domestic demand prospects expected reflect the prospective further expansion in economic activity, output, and employment. For 1961 food expenditures are about 3 percent above a year earlier. The increase is largely accounted for by rising population and higher food prices. Per capita food consumption is rising only slightly above the 1960 rate. In general, the consumption trends of the past decade have continued. Consumption of livestock products per capita increased, while that for the crop products decreased. Consumption per capita of beef, poultry, margarine, processed fruits and vegetables, and tobacco increased, while pork, dairy products, grain products, fresh fruits and vegetables, wool, and cotton decreased.

A strong domestic market for farm products in 1962 will be supplemented by continued large exports of farm products. Agricultural exports in 1961, about one-sixth of net farm output, will be record high and about 6 percent above 1960. In 1962, they are expected to total about the same as in 1961. High levels of economic activity and record gold and dollar holdings in many countries trading with the United States, the accelerated U. S. Food For Peace Program, and the relatively large U. S. supplies of grains, fats and oils, and other major export crops are expected to assure continued large exports of farm products in 1962. Exports of food fats and wheat and flour are expected to reach record highs in 1961-62 but cotton exports may fall considerably short of 1960-61.



U. S. agricultural exports stood at $4.9 billion in the year ending June 30, 1961, up 75 percent from the post-Korean low point of $2.8 billion in 1953. This overall rise was divided about evenly between increases in commercial exports (dollar sales) and exports under Government-financed programs (such as P. L. 480 foreign currency sales). Both groups were assisted by export payments-in-cash or -in-kind and by sales from Commodity Credit Corporation stocks at less-than-domestic-market prices. These programs assist exporters in meeting foreign price competition. The expansion in value was less than the expansion in volume because of the decline in prices of exported commodities. The expansion in value was relatively somewhat larger than that for nonagricultural products (excluding military goods), which totaled $14.7 billion in 1961, 62 percent more than the $9.1 billion in 1953. This growth reflected rising export prices as well as a larger volume of products.

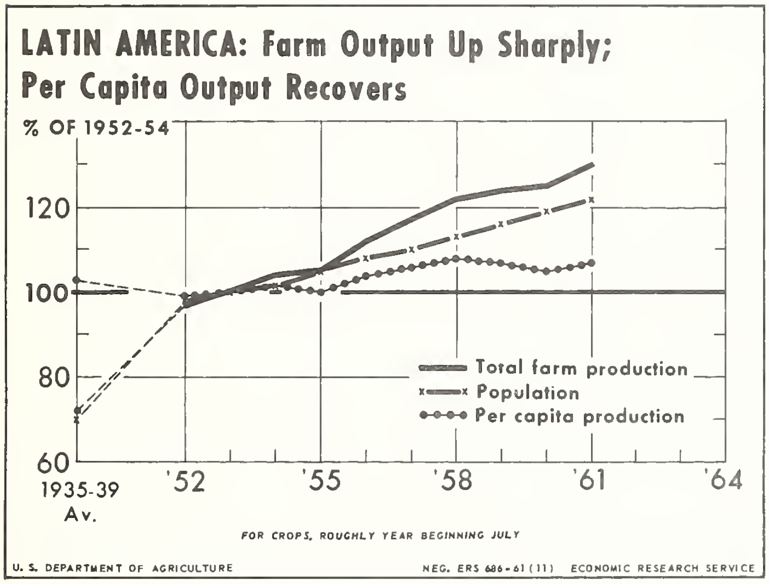
In the next decade a growing population and continued expansion in economic activity will result in a further increase in domestic demand for food and other farm products. Per capita food consumption may increase only slightly as it has in the past decade. But the trends toward more high-protein and convenience-type foods and away from cereals and high-calorie foods are expected to continue in coming years.

Latin America

Total agricultural output in Latin America in 1961-62 is expected to resume the sharp upward trend of the past decade after showing little increase last year. On a per capita basis, the level probably will reach that of 2 years ago following a sharp drop last year. For the area as a whole, wheat is expected to rise sharply above the low of 1960-61,

but probably will not reach the figure of several years ago; cotton output should be higher, but sugar production is expected to decline. The sugar decline is attributed largely to an anticipated fall in Cuban output, which more than offsets a continued rise in most of the rest of the area. Latin America will continue to be a net importer of wheat and a net exporter of large quantities of sugar and cotton as well as coffee.

U. S. agricultural exports to the 20 independent Latin American countries declined sharply to $388 million in the fiscal year ending June 30, 1961, and a further drop is anticipated during the current year. Most of this decline results from loss of the Cuban market. Exports to Cuba, formerly the principal Latin American market for U. S. agricultural commodities, fell to $41 million--$103 million less than 2 years earlier. U. S. imports from the 20 countries also fell sharply. The decline was accounted for largely by a lower import value for coffee, sugar, and cacao. Agricultural exports to Latin American areas other than the 20 independent countries reached a total of $53 million, a rise of 12.5 percent. Agricultural imports from these areas tripled in 1960-61, accounted for almost entirely by higher imports of sugar.



PRODUCTION.--Agricultural output in Latin America has risen steadily over the past several years (See table 4) and is expected to continue this rise in 1961-62. On a 1952-53 - 1954-55 base, total production may reach 130 and per capita output 107. Population has risen at least 2.5 percent a year recently and is expected to continue at this rate over the next several years.

In Argentina continued drought seriously reduced 1960-1961 output of major oilseeds, wheat, other small grains, sugarcane, apples, and pears and in calendar 1961 encouraged the highest cattle slaughter since 1958. Despite larger meat production, exports were reduced to the lowest level in recent years. Widespread rains, covering most of the drought area have improved pasture conditions and prospective crop production for 1961-62. Current estimates of new crops of wheat, rye, and barley are substantially above a year ago although planted area remains below normal for recent years. Good planting conditions are assured for later crops. Meat production may decline slightly, but conditions appear favorable for other animal products.

Chilean production of corn, oats, potatoes, and milk increased in 1960-61. These gains were more than offset by reduction in barley, rice, and oilseeds so that total output was slightly below the previous year. Reduction in per capita output contributed to some expansion in imports during the year. Prospects are for rather significant increases in 1961-62 production of wheat, corn, sugarbeets, oilseeds, vegetables, and milk, with a total rise in output estimated near 3 percent over 1960-61. Anticipated rise in demand is expected to offset this growth in production and maintain imports of most agricultural products near 1960-61 levels.

Despite drought and unseasonable rains in Venezuela, recovery in rice production continued and only small imports were necessary. Sharp gains also were evident in dairy and poultry production. Declines are anticipated for coffee and cacao in 1961-62 with prospect for some expansion in commercial food production, particularly dairy, poultry, sesame, and rice.

Lower precipitation reduced 1960-61 Colombian output of coffee, pulses, and tobacco, but production of most other agricultural products was above that of the previous year. Exports expanded, particularly for coffee, sugar, bananas, and tobacco, but increased

Table 4.--Latin America: Indices of agricultural production, total and per capita, by countries, 1959-60 and 1960-61

1952-53 - 1954-55 = 100

Country	Total		Per capita	
	1959/60[1]	1960/61[2]	1959/60[1]	1960/61[2]
Argentina	102	95	91	83
Bolivia	102	103	94	94
Brazil	143	140	124	119
Chile	120	119	103	100
Colombia	122	124	102	101
Costa Rica	117	132	92	99
Cuba	122	131	108	113
Dom. Republic	125	158	102	123
Ecuador	154	164	129	133
El Salvador	129	140	105	110
Guatemala	125	132	105	107
Haiti	109	98	102	90
Honduras	124	125	102	100
Mexico	144	148	121	120
Nicaragua	109	135	89	107
Panama	124	123	104	100
Paraguay	108	103	93	87
Peru	110	108	94	90
Uruguay	73	94	68	85
Venezuela	131	142	109	115
Jamaica[3]	112	116	99	101
Trinidad & Tobago[3]	121	133	102	109
Total	124	125	107	105

[1]Revised. [2]Preliminary. [3]Not included in total.

imports of corn, rice, and pulses were required to provide consumption needs, particularly in urban centers. The steady rise in production, typical of the past few years, is expected to continue into 1961-62. However, higher production will probably result in a slight growth in per capita consumption of principal domestic food crops and some continued growth and diversification of agricultural export.

Peruvian agricultural production in 1960-61 continued near the record levels of the previous 2 years, with gains in sugar, coffee, and barley offset by declines in rice, potatoes, and cotton. Average per capita consumption was maintained through somewhat larger imports. Production in 1961-62 is expected to resume a slight uptrend with continuing gains in sugar production, reflecting the opportunity of greatly increased exports to the United States which has existed since mid-1960. Improved varieties and increased commercial demand are encouraging factors in production of domestic food crops, particularly corn.

Prospects are good for general increases in Brazilian agricultural output, led by a rise in the coffee crop. In spite of a drought in the State of Sao Paulo during the early part of the planting season, most food crops, with the exception of wheat and corn, are expected to be good. The further decline in Brazil's wheat output, despite heavy subsidy, will require continued imports to supply the major part of consumption needs. Production of both cotton and tobacco is expected to rise 10 percent in 1961-62 above the previous year. Cotton firms and farmers are making an effort to expand output, particularly in the northeast.

Uruguay's agriculture, helped by good weather, rebounded sharply in 1960-61 from the low levels of the previous 2 years. Production improved in almost all areas and the

country should return to its position as a largely self-sufficient food producer and exporter of agricultural products. Output in 1961-62 is expected to be slightly larger than that in the past year. Significant gains also are expected in Paraguay's production of beef and cotton with the possibility of larger exports of some of these commodities.

Production in Ecuador continued to rise in 1960-61 and, in spite of political uncertainties, probably will show some upward movement in the coming year. Ecuador no doubt will remain as the principal world exporter of bananas. Bolivia is expected to maintain its large imports of foodstuffs in spite of developments in the lowlands to increase output. The imported food is largely for the highland population.

With few exceptions output in Mexico, Central America, and the Caribbean has trended upward since World War II. Haiti, however, has not improved much, but indications are that 1961-62 will be a better agricultural year. Total agricultural output in the Dominican Republic has risen rapidly over the past few years but the outlook for the principal crop, sugar, in 1961-62 is for a sharp reduction in the harvest.

Contrary to forecasts, Cuba's 1960-61 sugar harvest was large, carrying the index of total agricultural production above that of the previous year. Other food production, however, probably was down moderately from a year earlier. The forecast for the next sugar harvest is for a sharp decline. Reports indicate that some sugarcane has been plowed up and the land planted to rice. Moreover, no ratoon cane of 2 years growth is available. Cuba cut all available cane in the last harvesting campaign and reduced fertilizer applications. Moderate increases in food crops may be expected in 1961-62 unless the rice disease, Hoja Blanca, becomes worse. Livestock production, except for hogs and poultry, likely will be down.

Cotton and sugar production in Central America are rising rapidly and both crops may have record harvests in 1961-62. Banana production, on the other hand, will be down because of July 1961 blow-downs in Costa Rica, and because of damage to plantations in Guatemala, Honduras, and British Honduras by Hurricane Hattie in October 1961. Coffee output probably will maintain last year's total for all countries except Costa Rica where it is expected to be about 4 percent below the record 1960-61 crop. Basic food crops probably will rise enough to maintain per capita consumption of these items. The area will remain an importer for the greater part of its wheat consumption requirements.

In spite of a drop in Mexico's cotton crop for 1961-62, overall agricultural production probably will increase by more than 4 percent. A record coffee harvest is anticipated and increases are expected in the output of corn, wheat, animal fats, vegetables for export, meats, milk, and sugar.

Production in Jamaica, Trinidad, and other Caribbean islands is expected to continue rising, and in Trinidad the rise may outstrip population substantially.

TRADE.--The total value of agricultural exports of Latin America probably will be maintained in fiscal 1961-62. Coffee is the principal agricultural export of Latin America. The supply available for export in 1961-62 will be far in excess of previous availability. Exports, however, are controlled by quota under the International Coffee Agreement, which was extended for an additional year on September 27, 1961. The previous quota formula was extended for 6 months. For countries with less than 2 million bags of exportable coffee the formula allows exports equal to those of the highest export during the 10-year period beginning 1949, or 88 percent of current exportable production. For countries with more than 2 million bags to export the formula allows exports of 90 percent of the highest export during the same 10-year period.

Total sugar exports of Latin America in fiscal 1961-62 may be more than in fiscal 1960-61, primarily because of heavy Cuban exports from July to November which reflect disposal of the large 1961 crop. Sales of wheat, corn, and oils from Argentina are expected to be higher than during the past year, but banana exports from Central America are expected to decline, with some decrease from Ecuador also possible.

Wheat and flour imports by the northern countries of Latin America, except Cuba probably will increase somewhat, and Brazil's will be at least as high. To maintain per capita consumption of wheat in Brazil, higher imports will be needed since domestic output is expected to decline.

U. S. trade with Latin America in agricultural products declined in fiscal 1960-61. Much of the decline in both exports and imports was accounted for by the loss of much of the Cuban market and the elimination of the Cuban sugar quota in the U. S. market. Since its independence Cuba has been the principal Latin American market for U. S. agricultural

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commodities. In fiscal 1960-61, however, Venezuela became the first market and Cuba dropped to fourth place. During the current year Cuba probably will take less and less of these products. It is doubtful that any increases in exports to other countries of the area will completely offset the further decline in sales to Cuba. Brazil, Mexico, Colombia, and Peru are all important markets in the area, with wheat the principal item of export. Other exports important in the trade are fats and oils, dairy products, cotton, feedstuffs, breeding stock, eggs, and a wide variety of processed items.

On the U. S. import side coffee is by far the principal item in value, with Brazil the first supplier. Other important imports are sugar and cacao followed by a wide variety of tropical and semi-tropical commodities. Total import value from the area declined for the second fiscal year in a row. The biggest decline was in the value of sugar imports, an offset to the abnormally heavy rate of importation during fiscal 1959-60. There also was a decline in the value of coffee and cacao imports. In July 1960 imports of sugar from Cuba were terminated. This cut 700,000 tons from Cuba's quota in calendar 1960 and eliminated Cuba from participation in allocations of the unfilled domestic quota. For calendar 1961 and the first 6 months of 1962 the Cuban sugar quota has been set at zero. Quotas for the balance of 1962 have not been determined.

Cuba is orienting its trade pattern toward the Sino-Soviet Bloc through a series of bilateral agreements for the exchange of sugar for needed imports of agricultural and industrial commodities. Dislocations in the economy caused by this shift are likely to continue into 1962.

ECONOMIC CONDITIONS.--Economic conditions within Latin America vary widely among the countries, with perhaps a slight deterioration for the area as a whole below the level of a year ago. Gold and dollar holdings on June 30, 1961, were $100 million below the December 1960 level and $286 million below June of 1960. Argentina continues to improve its position, but Brazil, Colombia, Chile, Mexico, and Panama registered declines in gold and dollar holdings. Cuba, which had a holding of $525 million on December 31, 1957, and $231 million on June 30, 1960, registered only $59 million June 30, 1961.

Both industry and agriculture in Cuba are now almost completely controlled by the Cuban Government. The dislocations in the economy caused by recent changes have not been balanced by increased output and probably will not be during the coming year.

The groundwork for a reversal in the present downtrend in Latin America has been laid by the Alliance for Progress program to encourage economic development agreed upon at the Punta del Este meeting in August, by stepped-up financing from old-line institutions, and by loans from the new Inter-American Development Bank. During 1962 some improvement should result from such new pr jects.

LONG-RANGE OUTLOOK.--By 1966 Mexico, Central America, the Caribbean, and South America are expected to have at least 238 million people, 23 percent above 1958. Total agricultural production is expected to barely keep pace during the same period.

Many of the people now in the area are not eating a nutritionally adequate diet utilizing present domestic output and substantial imports. The most important of these imports is wheat, although Argentina presently sends part of its output to European consumers. Projected wheat production in Latin America in 1966 is 11.5 million metric tons, leaving the area with net imports of 2.6 million tons expected to meet projected consumption levels that year. However, if Argentina sends part of its product outside Latin America, as may be expected, total imports into the northern countries and Brazil will need to be correspondingly larger. Total imports would need to be raised even further if diet levels were to be nutritionally adequate.

It will be some time after 1966 before Latin America can produce enough to provide its fast-growing population with an adequate diet, either from domestic sources or imports. This is true, even with the development programs now going forward, the cooperative effort being expended under the Latin American Free Trade Association and the Central American treaties to build a free-trade association. For the longer future, however, present efforts should bear fruit in efficiently combining natural and human resources and foreign and domestic capital to increase productivity far above present levels and those projected for 1966.

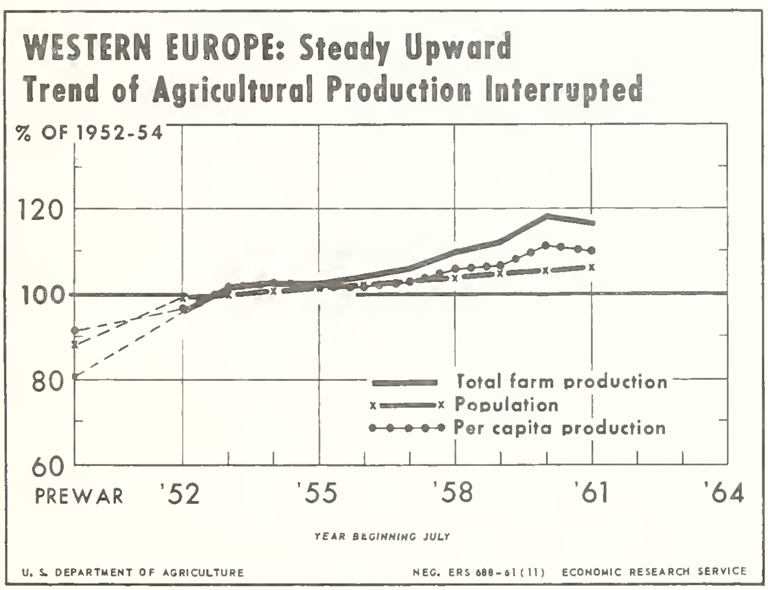
Agricultural production in Western Europe in 1961-62 is expected to show a very modest decline from the record reached last year. (See table 5.) The net agricultural production index is forecast at 117 (1952-53 to 1954-55 = 100) which compares with 118 for the year 1960-61.[1] For Western Europe as a whole, the small decline in total production, combined with the normal population increase, is expected to bring the index for per capita production down to 110 from 112. However, because of the high level of economic activity in Europe, larger imports rather than reduced per capita consumption is likely to result from the decline in per capita production.

The year 1961 started unfavorably with too much moisture hindering the planting of fall-sown crops in most of the countries of northwestern Europe and in Portugal and Italy. As a result the production of winter wheat, as well as feed grains, is down. Grain yields for Western Europe as a whole were not up to 1960's high level. Rainfall was generally abundant in most countries, and some difficulty was encountered with too much moisture during the grain harvest. Abundant rainfall, combined with a relatively mild winter and cool summer, provided excellent growing conditions for the production of forage crops benefiting the important livestock industry. Crop conditions for sugar beet, potato, and other root crops, were not favorable and production is down. A sharply reduced fruit crop contributes considerably to the forecasted production decrease. Animal numbers, however, are up and it is expected that the upward trend in the production of animal products will be maintained.

PRODUCTION.--The wet fall of 1960 seriously delayed field work and the planting of winter grains. Because of this delay, the acreage of spring-sown crops increased considerably, but yields were down. The growing season progressed satisfactorily, and while too much rain during harvest caused some concern, the weather was sufficiently favorable to complete the harvest. While the size of the harvest is down, the quality appears to be about average to above average.

The reduction in the wheat harvest occurred mainly in northwest Europe, primarily in France, West Germany, and the United Kingdom, the three largest producers in that region. In these three countries production was reduced by a combined total of over 4 million tons. In the other countries of northwestern Europe production was not significantly different from 1960. The wheat crop in these countries appears to be of about average quality, and as usual, a considerable part of it probably will be used for feed. Italy was the only Mediterranean country with a substantially larger wheat crop than in 1960. Production in Greece, Portugal, and Spain is down moderately, but because of the larger crop in Italy, production in the Mediterranean countries is up close to 1 million tons. For Western Europe as a whole substantial imports of wheat for milling purposes will be required in 1961-62.

The 1960 feed grain harvest was a record one, and 1961's crop is only about 2 percent, or about 1 million tons below the previous year. Production in northwestern Europe is down moderately, but production in the Mediterranean area, primarily in Italy, is up. The



WESTERN EUROPE: Steady Upward Trend of Agricultural Production Interrupted

[1] Countries in the index include Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and United Kingdom.

Table 5.--Western Europe: Indices of agricultural production, total and per capita, by countries, prewar and 1959-60 to 1961-62[1]

1952-53 to 1954-55 = 100

Country	Total				Per capita			
	Prewar	1959-60	1960-61[2]	1961-62[3]	Prewar	1959-60	1960-61[2]	1961-62[3]
Austria	94	114	129	132	97	112	127	129
Belgium	74	100	113	113	78	96	108	108
Denmark	77	115	117	113	91	111	112	107
Finland	81	109	116	111	105	103	109	103
France	83	113	123	116	88	109	117	110
West Germany	84	109	124	122	103	100	112	110
Greece	85	129	119	136	103	122	112	127
Ireland	91	97	109	110	90	100	113	115
Italy	80	120	116	119	90	116	112	114
Netherlands	73	110	119	117	91	102	109	106
Norway	81	110	112	114	95	104	105	106
Portugal	79	107	107	102	94	103	102	97
Spain	93	118	115	112	109	113	109	105
Sweden	80	92	92	95	92	89	88	91
Switzerland	87	107	113	111	102	98	102	99
United Kingdom	63	112	118	120	68	109	114	116
Total Western Europe	81	112	118	117	92	107	112	110

[1]Excluding food produced from imported feed. [2] Preliminary. [3] Forecast.

tendency, in evidence for some years, towards increased barley and decreased oats acreage continued. The barley acreage in the United Kingdom increased sharply as a result of the difficulty in planting winter wheat, but yields were down. France continued to expand her corn acreage, but yields and production are down from 1960.

Even though the production of feed grains is down moderately, tending to increase import requirements, there are offsetting factors of increased carry-in stocks and adequate supplies of roughage. On the other hand, livestock numbers, including poultry are maintaining their upward trend. In 1961 there probably was less wheat used as feed than in 1960.

The production of roots and tubers was down sharply and yields and acreage were generally lower than they were in 1960. The sugar crop is down in almost all countries, and in over half of the countries the potato crop is also smaller. The sugar content of the beet crop was probably up slightly from 1960. The potato crop probably is ample for consumption as food. Per capita consumption is continuing its downward trend, and use as feed was sharply reduced in 1961.

The cool summer and ample moisture favored vegetable production, and while complete data are lacking, it appears that an excellent harvest was realized. The production of fruit, particularly deciduous, is down from 1960 in over half of the countries. The deciduous fruit crop is especially short in Denmark, West Germany, Ireland, Norway, and the United Kingdom. The largest declines are in apples, the major deciduous fruit produced in Western Europe.

The major vegetable oil produced in the region is olive oil, and 1961 production is estimated to be down possibly 5 percent from the previous year. The year 1960 was supposed to have been an off-year, but production was higher than expected. Decreases are expected for Spain and Italy, but in Greece a bumper crop is estimated and in Portugal a moderately larger crop is in prospect. The region's only significant cotton

producers are Spain and Greece, and production is up sharply in both countries. Total tobacco production is down, but up moderately in Spain and Greece. Blue mold continued to be of concern to tobacco producers, and appeared for the first time in Greece. In Italy blue mold caused considerable loss to the tobacco crop. Production in 1961 was only one-third as large as the previous year, but this was partly due to reduced acreage.

The production of livestock products is expected to be about 3 percent higher in 1961-62 than in 1960-61. Production increases are expected in almost all countries. Milk is of considerable importance in West European agriculture, and it is anticipated that production during 1961-62 will continue its gradual upward trend. Production is increasing more rapidly than fluid consumption with the result that more milk is being utilized in the manufacture of butter and cheese. Dairy cattle numbers are up for the region as a whole, pasture conditions have been good so far, roughage supplies are ample, and feed grain supplies are close to last year's record. The production of beef is expected to increase at recent rates, hog numbers are up substantially, and broiler production is expected to continue to increase. There have been some indications recently of weakening in the prices of animal products, and if this continues there will be a tendency for production to expand less rapidly than during the past several years. Production of total animal products has increased about 3 percent annually.

ECONOMIC CONDITIONS.--The economy of Western Europe has been expanding rapidly for several years. The most recent decline in general economic activity occurred in 1958, but did not reach serious dimensions. Since then production, trade, and employment have continued to increase. The overall industrial production index for June 1961 stood at 168 compared with 159 in June 1960 for the European members of the OECD countries (1953 = 100). However, a severe shortage of labor has been developing and this will have a moderating influence on further expansion in output. In addition to the labor shortage, tightening capital markets in some countries may hamper further rapid economic expansion.

Western Europe's gold reserves and dollar holdings have been increasing steadily for a number of years. They reached $26.5 billion on June 30, 1961, compared with $24.2 billion a year earlier, and $23.2 billion 2 years ago. For the past several years West Germany has accounted for over half of Western Europe's increase in gold reserves and dollar holdings, and for the year ending June 30, 1961, her holdings increased $1,300 million even though Germany revalued the Mark upwards by 5 percent early in 1961. Gold and dollar holdings continued to increase significantly in France, while in the United Kingdom holdings were at the same level as a year earlier. However, in July the United Kingdom found it necessary to impose monetary restrictions to stem the outflow of large amounts of short-term capital, including liquid speculative capital and made a massive drawing on the International Monetary Fund. These monetary restrictions are beginning to be reflected in a slowing down of economic activity.

Economic integration continues to make substantial progress with indications that the EEC will be expanded beyond the original six countries of the Common Market. Greece has been granted associate status and the EEC may consider the same status for Turkey. Of much greater importance is the request for full membership made recently to the EEC by the United Kingdom. Denmark and Ireland also have applied for admission as full members and Norway is currently considering the form of membership for which it may soon apply. The three well known European neutrals, Sweden, Switzerland, and Austria, are also considering whether and in what form they should apply for membership. If all of the seven original European Free Trade Area countries should eventually obtain either full or associate status in the EEC, the expanded organization would have a total population of nearly 300 million people, and would become the greatest trade area in the world. Although a common agricultural policy has not yet been agreed upon by the EEC, indications are that some key decisions will soon be made. Transition to the second of the three developmental stages of the Common Market was scheduled for January 1, 1962, but its implementation hinges on some agreement being reached concerning agricultural policy.

TRADE.--Exports of U. S. farm products to Western Europe increased to $2.0 billion in 1960-61, from $1.9 billion in 1959-60, an increase of 5 percent. This was a continuation of an upward trend in evidence for a number of years. The increase was, however, much less than the previous year's increase of 26 percent. The six countries comprising the Common Market took a moderately smaller percentage of total U. S. exports than during 1959-60, but the remaining countries of Western Europe more than made up for this

decline. The U. S. has supplied close to 30 percent of Western Europe's imports of grains and well over 40 percent of her tobacco imports in recent years. The United States is also a very important supplier of cotton and fats and oils.

LONG-RANGE OUTLOOK.--Western Europe historically has been the world's largest market for agricultural exports. During recent years the value of Western Europe's agricultural imports has been relatively stable. Growth in domestic production has equaled increased consumption due to higher per capita consumption rates and population gains. The region has a highly developed agricultural technology, and is capable of greatly expanded agricultural production, particularly of grains and animal products.

The consumption of meat has been increasing, and there is considerable room for expansion. If the important producing countries in Europe decide to grant the price incentives to produce domestically the feed grains needed for greater production of meat and other animal products, the United States will lose part of this important market for its major feed grain exports. What will happen to feed grain production largely will depend on the Common Agricultural Policy adopted by the Common Market countries. If a restrictive policy is adopted, feed grain prices will be maintained at relatively high levels, and the consumption of animal products which are generally highly price-responsive will be hampered, and imports of feed grains will be relatively low. Present indications are that the Common Market will be importing considerably less wheat in the future even though these countries will continue to need some hard wheat for milling purposes.

Western Europe normally takes slightly over 40 percent of total United States agricultural exports. The bulk of these exports are taken by the countries comprising the Common Market, and the countries currently applying for membership. Of central importance to the United States will be their policy with regard to associated countries such as the newly independent African countries and the British Commonwealth, if the United Kingdom joins the Common Market. Some of the associated African countries, plus some of the British Commonwealth countries, have the potential for supplying increased quantities of some of the agricultural commodities of major importance in United States exports. These include cotton, tobacco, grains, citrus fruits, fats, oils, and oilseeds.

Eastern Europe

SOVIET UNION

Estimated agricultural production in 1961-62 showed a small gain following a drop during the 2 previous years from the record output in 1958-59. (See table 6) With only a small increase in production, 1961-62 was still a disappointing year, particularly in the light of the high goals of the 7-year plan, 1959-65. Shortages of milk, and especially of meat, were characteristic of the food situation during 1961. Unfavorable weather conditions continued to be a serious limiting factor in agricultural production, aggravating the shortcomings of the collective farm system.

CROP ACREAGES AND PRODUCTION.--The total crop area increased slightly to 504 million acres in 1961 from about 502 million in 1960. This is in contrast to 1960, when the total area under crops increased by more than 16 million acres over the previous year. A certain redistribution of the area among crops took place in 1961. Thus, wheat acreage increased to nearly 158 million in 1961 from 149 million in 1960 and corn planted for dry grain, to 19 million acres from nearly 13 million. Wheat acreage, however, was still below the high figures of 1957 and 1958, when plantings reached over 170 million and 165 million acres, respectively. Small increases in acreage were reported for sugar beets, sunflower seed, cotton, and several other crops. A sharp reduction, however, took place in the corn area planted for silage and fodder (including corn to be harvested in milk-wax stage) to 44 million acres in 1961 from 57 million in 1960.

The wintering of the fall-sown grains, wheat and rye, took place without reported abnormal losses. An early spring in many regions made possible rapid sowings of spring crops. However, a serious, prolonged drought developed in many of the eastern "new lands" regions, where spring wheat is the leading crop. Also, a summer drought occurred in the southern and southeastern regions of the European USSR. The dry weather affected adversely the yields of spring grains, particularly of wheat and other spring sown crops. However, reportedly good yields of winter wheat and rye were obtained,

particularly in the Ukraine and central regions of European Russia. A somewhat larger production of breadgrains, wheat, and rye is estimated in 1961 compared with that in 1960. No significant change is indicated in production of feed grains, including corn for dry grain. Late drought makes the oilseed crop uncertain. Little change in the cotton crop is indicated. The effect of the drought on sugar beet yields was largely offset by increased acreage and higher sugar content of the beets. In accordance with Khrushchev's directive, the acreage planted to sugar beets for fodder increased to 3 million acres from 1.1 million. Decreased outturns of corn for silage and green fodder affected unfavorably the feed situation, which has long been a bottleneck in Soviet livestock production.

LIVESTOCK PRODUCTION.--An increase in cattle and hog numbers and a decline in sheep, goats, and horses were reported at the beginning of 1961, as shown in the following tabulation:

	1959	1960	1961	1961 is of 1960
	-- Million head --			Percent
Cows	33.3	33.9	34.8	102.7
All cattle	70.8	74.2	75.8	102.2
Hogs	48.7	53.4	58.7	109.9
Sheep	129.9	136.1	133.0	97.7
Goats	9.3	7.9	7.3	92.4
Horses	11.5	11.0	9.9	90.0

Official sources.

Livestock (collectively owned) at the beginning of 1961, accounted for 53 percent of cows, 69 percent of all cattle, 72 percent of hogs, and 78 percent of sheep. With a rather unfavorable feed situation, a decreased milk production is indicated in 1961-62. A slight increase in meat production, due to the possible increased slaughter of animals caused by shortage of feed, seems probable.

PROCUREMENTS AND FOREIGN TRADE.--Total 1961 grain procurements by the Government are expected to reach 54 million metric tons or 7.3 million tons more than in 1960. These procurements, however, are below the official 1961 goal of 59.7 to 63 million tons. A large contribution to the grain procurements was made by the Ukraine which is expected to deliver 13.5 million tons of grain as against only 5.9 million in 1960. (The 1961 goal is 10.6 to 11.5 million tons). This situation reflected the good crop, especially of winter grains, in the Ukraine. By contrast, the share of Kazakhstan and other "new lands" regions in grain procurements is considerably below what it was in 1960 and much below the official 1961 goal. Fragmentary reports from various regions indicate difficulties with meat and milk procurements.

Total grain exports declined to 6.8 million in 1960 from the peak of more than 7 million tons in 1959. Fragmentary data indicate sizable shipments of wheat and barley to Western Europe during the first half of 1961. The Soviet Union did not import, in 1961, agricultural products from Communist China, as it had in previous years. Among important Soviet imports from China in 1959 were 639,000 metric tons of soybeans, 66,000 tons of other oilseeds, 64,000 tons of vegetable oil, and 82,000 tons of meat and meat products. The loss of imported Chinese oilseeds and vegetable oil reduces further the fats supply, decreased by a smaller domestic oilseed crop.

POLICY DEVELOPMENTS.--The year began with a series of conferences devoted to a review of the agricultural situation, starting with the plenary meeting of the Central Committee of the Communist Party in January. These conferences were attended by Prime Minister N. S. Khrushchev, who made lengthy speeches criticizing the setbacks and failure of agriculture to fulfill the goals set by the Government. A major reorganization of the administration of Soviet agriculture and of the procurement apparatus for acquisition followed. V. V. Matskevich was removed from the post of Minister of Agriculture of the USSR, which he had occupied for a number of years. According to the new organization scheme, the Ministry of Agriculture of the USSR is responsible primarily for research,

for informational activities relating to it, and for high and intermediate agricultural education. Other operational, supervising, and planning functions were transferred to the Gosplan (the State planning committee) and the Ministries of Agriculture of the 15 constituent republics. Also a new organization (soyuzsel'-khoztekhnika) was created directly under the Council of Ministers of the USSR to assume the function of supplying agriculture with machinery, fertilizer, spare parts, fuel for tractors, and other production needs. This is an activity which was criticized greatly.

A new State Committee on Procurements of the Council of Ministers of the USSR was established to direct Government acquisition of farm products. Its local arm is a newly created State Procurement Inspection, which is endowed with wide powers of supervision of procuring activities. This includes the very important power to stop or limit cash advances to farms which do not live up to their obligations. The inspectors also participate in production planning by the collective and State farm management. Instead of basing procurements on the delivery of stipulated quantities per unit of land, the Government decreed the return to the principle of so-called contracting with the collective and State farms for a period of 2 to 5 years. The planned requirements of the State and the production capacity of the farms are taken into account and the contracts are subject to an annual review. Cash advances to farms for Government procurements were increased.

The number of collective farms decreased, as a result of mergers and conversion to State farms, to 44,000 at the beginning of 1961 compared with 53,400 a year earlier, and more than 250,000 at the beginning of the last decade. Conversely, the number of State farms increased to 7,375 at the beginning of 1961 from 6,496 at the beginning of 1960.

OUTLOOK.--Weather will continue to be a major factor in the Soviet crop outlook. This is particularly true because a large area of the country has a low, highly variable precipitation and is subject to frequent droughts. Yet a gradual improvement of crop yields, with increased use of fertilizer and better farm practices may take place. Even a small increase in the yield per acre would significantly increase production because of the large acreages involved. Soviet policy, embodied in Khrushchev's reports to the recent XXII Communist Party Congress, and the new party platform adopted by it, envisages a far-reaching expansion of production during the next 10 to 20 years. This is to be brought about primarily through greatly increased yields, for instance, doubling of the grain yields. In the past, increased production has come about primarily through expansion of acreage.

Table 6.--Eastern Europe: Indices of agricultural production, total and per capita, by countries, prewar and 1959-60 to 1961-62[1]

1952-53 to 1954-55 = 100

Country	Total				Per capita			
	Prewar	1959-60	1960-61[2]	1961-62[3]	Prewar	1959-60	1960-61[2]	1961-62[3]
USSR	100	129	126	130	100	117	112	113
Other Eastern Europe								
Czechoslovakia	138	114	124	121	125	109	116	113
Poland	129	120	127	128	107	108	113	113
East Germany	125	102	109	101	142	107	115	107
Bulgaria	96	143	140	134	109	135	130	124
Hungary	112	130	118	118	120	125	112	112
Rumania	93	130	127	114	104	121	116	104
Yugoslavia	112	168	153	137	127	158	143	126
Total	118	127	127	122	119	120	119	114
Total Eastern Europe	101	128	126	127	106	118	114	114

[1]Excluding food produced from imported feed. [2]Preliminary. [3]Forecast.

OTHER EASTERN EUROPE

Unfavorable weather throughout Eastern Europe during 1961 was a main reason for a decrease of 4 percent in the estimated net agricultural production during 1961-62 compared to that of the previous year. (See table 6.) Only in Poland and Hungary are production estimates above or equal to those of 1960. The northern countries, in spite of a decreased total population, have not yet achieved prewar per capita output. The Danubian countries, after 2 years of above prewar per capita output have returned to the prewar level.

PRODUCTION.--Grain production in 1961 is estimated at 7 percent below that of the previous year with the largest decrease (about 3 million tons) occurring in Danubian corn production. The severe drop in corn production was mainly the result of a long drought extending from July through October. Wet weather caused a drop in total grain production in Czechoslovakia and East Germany while excessively damp grain was harvested in Poland. Potato and sugar beet production for the region are below the level achieved last year. Sugar production in all countries (except Poland) is expected to be below last year's output. Indications are that numbers of cattle and hogs will maintain their upward movement, sheep will remain about the same, and horses will decline during 1961-62. The production of animal products is expected to show a slight gain.

POLICY.--With socialized agriculture established in all countries, although to a lesser extent in Poland and Yugoslavia, the present policy objectives are the continued amalgamation of existing collectives into larger and more thoroughly socialized units with increased production. The Yugoslav and Rumanian Governments are granting low cost credits to their socialist sectors to permit them to hold their livestock and to purchase animals offered by private farmers to prevent distress slaughter. Czechoslovakia, after a temporary lull during the busy harvest season, has renewed its drive to abolish private plots of collective farm members. The announcement by the Soviet Union that the European Communist Bloc countries, except East Germany and Czechoslovakia, should no longer depend on the USSR for food grains prompted the Hungarians to revise their current 5-year plan, 1960-65. The revised plan calls for crop production to increase faster than livestock production, a reversal of the original plan. The heightening of East-West tension during the last half of 1961 has resulted in a shift of some agricultural investment funds in certain countries to defense expenditures. This creates the problem of achieving the same planned increase in agricultural production with a decrease in planned capital investment.

FOOD CONSUMPTION.--Meat, dairy products, and other high quality foods are expected to be in short supply again in 1961. The average daily per capita consumption on a calorie basis throughout Eastern Europe has not changed appreciably during the year and remains somewhat above prewar levels. But, sporadic shortages of many foodstuffs occur as insufficient production, inefficient distribution, and hoarding temporarily deplete retail supplies. Especially serious shortages have occurred in East Germany and Bulgaria.

TRADE.--The Danubian countries, except Rumania, are expected to import both feed and bread grains during 1961-62, if present livestock numbers are to be maintained. Rumanian corn available for export is estimated at about half the traditional amount of 400,000 to 500,000 tons. Yugoslavia, because of the large decrease in corn production in 1961, has banned all corn exports except for fulfillment of existing contracts. Milo and potato exports also will not be permitted without a special license. Czechoslovakia and East Germany are expected to maintain their large imports of grains and animal products. Poland, the only country in Eastern Europe showing improvement in agricultural production in 1961, will continue to import grain and export increasing quantities of animal products, especially eggs, poultry meat, butter, canned hams, and bacon. Traditional Eastern European net imports of tobacco, and vegetable oils are expected to increase slightly over 1960.

Mainland China

During the past 3 years of worsening agricultural conditions the Chinese Communists have issued no firm acreage or production figures. While admitting that agriculture has suffered reverses with three poor harvests in as many years, the regime has imposed virtually a complete news blackout on any meaningful information.

CROP PROSPECTS.--Before the first half of 1961 was over it was clearly evident that fall sown winter crops would yield a poor harvest. The sown acreage evidently declined or was seeded late. The important agricultural regions of North China again, as in 1960, suffered from prolonged drought which persisted for many months. Because of these adverse factors, the winter wheat crop is believed to be down by possibly as much as 6 million metric tons from a normal year. It also seems likely that a lack of rain and low soil moisture adversely affected the seeding and early growth of the spring sown crops in the drought areas. It is not known at this time how seriously these crops were damaged before the drought was finally broken.

Indications are that the first rice crop in the South may have yielded a reasonably good harvest. During the summer and early fall, however, there have been reports of drought and floods that raise doubts about the intermediate and late rice prospects. In some instances, the mid-summer drought is believed to have led to a substitution of miscellaneous grains and sweet potatoes for rice.

The prospects for soybeans and other oilseeds are also poor. The soybean harvest, China's most important export crop, appears little changed from the low level of the past 2 years. Drought during the first half of the summer season in parts of the North China plain and in the western part of Liaoning Province of Manchuria adversely affected the soybean crop. Some areas also are believed to have suffered from too much rain after the drought was broken.

Peanut production probably suffered even greater damage from the drought and the excessive moisture later in the summer. Consequently, production in 1961 should be lower than the poor 1960 crop. The gloomy picture carries over to include rapeseed and sesame.

Production of industrial crops and livestock is also probably down.

ECONOMIC CONDITIONS.--All signs point to an extremely hard period ahead for Communist China with the food crisis reaching a peak in the late winter and spring of 1962 before the summer harvests are ready. In 3 years of poor crops Government stocks have been exhausted; the population may also be weakened from hunger; and foreign exchange reserves have been spent or obligated to import food.

A smaller supply of food will have to be rationed out to a larger number of people caused by the 2 percent annual increase in population. The Government will have to cope with the twin perils of food shortages and unrest. Factories using farm products were reported idle at various times during the past year owing to scarcities of raw materials. The Government indicated that imports of machinery from the Soviet Union would be cut back. Also payments to the USSR could not be met and were postponed. For the first time Communist China had to seek credit from the Free World to purchase food. There were also reports of China selling silver and gold in European markets.

POLICY.--The Chinese authorities have blamed natural calamities for the plight of agriculture. Foreign observers believe that this is more of an official excuse than a full and satisfactory explanation of the whole problem, though weather has played an important part. The following policy changes are now being implemented by the Communist leadership.

Reorganizing the Communes.--The Communes have been reorganized almost beyond recognition. In an effort completely to overturn the social and economic structure of the economy by instituting the Communes in 1958, the regime nearly wrecked the farm economy. This led to confusion and apathy among the peasants.

Since 1959, the Government has taken several steps calculated to improve the organization by restoring some of the individual peasant's initiative and making use of local "know-how" and experience. Private plots of land are now permitted; rural mess halls reportedly have been closed; individual ownership of livestock is again sanctioned; and some free marketing is permitted. Decisions on what to produce and the ownership of the means of production are now in the hands of production brigades which roughly correspond to the old producer's cooperative. In short, agriculture is being decentralized to some extent. Also peasants are being paid on a work-point system which rewards the individual more according to work performed.

Investments in Agriculture.--For more than a decade the Chinese Communists followed a dangerously unbalanced investment policy in economic development. In these years resources were drawn from agriculture to pay for industrial development. Relatively little was put back into agriculture, except labor. This approach could not provide the necessary chemical fertilizers, insecticides, improved seeds, modern machinery, and the many other items needed to modernize Chinese agriculture. With a rapidly mounting

population, this was a slippery path on a narrow ledge. It may well be that events have already brought an end to this era.

The Government has not announced the national budget, but has made clear its intentions of concentrating on agriculture and light industry through 1962. Whether another push forward in industry will be undertaken in 1963, the first year of the third 5-year plan, probably depends on the degree of success achieved in agriculture. At any rate, the leaderships' ambitious time table for becoming a big industrial power has been set back as has plans for hastening the advanced Communist society through the Communes.

FOREIGN TRADE.--In 1961 Communist China, for the first time in many years, imported large quantities of food grain. Indications are that grain imports are between 5 and 6 million metric tons for the year. More will be needed in 1962, if a means of financing can be found. The payment problem is particularly difficult when agriculture fails because the sale of farm products and items manufactured from agricultural raw materials provide the bulk of Chinese foreign exchange earnings. These earnings have been reduced while the necessity to import food has forced the regimes' hand. Short-term credit has been granted by the Free World, but some of this will be due in the year ahead.

It seems reasonable to expect that China will undertake to keep up exports to Hong Kong and other Free World countries. This will include some farm products, but probably an effort will be made to increase foreign exchange earnings by other means. Some rice may even be exported to meet political obligations to such countries as Cuba. Shipments of farm products to the Soviet Union and other members of the Bloc probably will be reduced sharply.

OUTLOOK.--The Chinese Communists now appear to be devoting considerably more resources to agriculture. Modern methods if applied rationally could increase production. But it will take time and continued investment priorities to agriculture. Also a way must be found to rekindle the enthusiasm and compliance of the peasants. This means granting more freedom to the individual in producing and selling. If both conditions were met, and there were normal growing seasons, production would increase somewhat but could not keep pace with the population growth. Moreover, it is doubtful, that the leadership will be willing to dilute its economic and political ambitions enough to exploit the reserve production potential that exists. At best the country faces continuing shortages in the years ahead.

The Far East

Agricultural production was up only about 2 percent[1] in 1961 despite fairly good weather conditions and considerable effort from within the region and without to improve agricultural techniques. This was a slower rate of increase than that shown during the previous 3 years. (See table 7.) Food production fell behind population growth and, although it is 10 percent above the 1952-54 level, it is only slightly above prewar. Only Japan, South Korea, and Cambodia, showed more than a 1 percent increase in per capita food production, while Pakistan and South Vietnam registered serious declines.

Export earnings for several Far East countries were adversely affected by declining prices for copra, rubber, and tea. Others were favored by advancing prices for rice, tin, and jute. A number of countries curtailed imports. Japan, on the other hand, has increased imports faster than exports and is encountering balance of payments difficulties. Japan's foreign exchange holdings have fallen substantially since the high point reached in April, 1961. Reserves held by India, Pakistan, Indonesia, and the Philippines are also at lower levels.

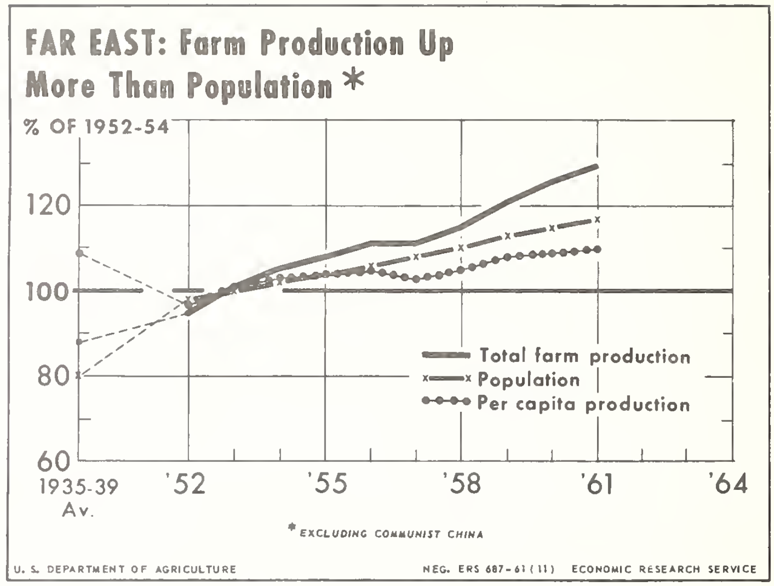
Exports of U. S. agricultural products to the Far East expanded further in 1960-61. The total reached nearly $1.4 billion, or one-fifth higher than the preceding year. Japan, once again the leading foreign market for U. S. farm products, accounted for nearly half of the increase with India and Pakistan contributing heavily. Shipments to these latter two countries are mainly under special programs.

In a recent study on food consumption throughout the world[2], it was found that per capita consumption in the Far East was lower than in any other region. Average number

[1] Based on an index of production that includes Afghanistan, Burma, Cambodia, Ceylon, India, Indonesia, Japan, Laos, Federation of Malaya, Pakistan, Philippines, Singapore, South Korea, South Vietnam, Taiwan, and Thailand.

[2] The World Food Budget 1962 and 1966, Foreign Agricultural Economic Report No. 4, ERS, USDA, Oct. 1961.

of calories per day was only 2,100, which is 200 calories below the nutritional reference standard established for the Far East. Only two countries, Taiwan and Japan, were above the standard. Because of the starchy diet the Far East is also deficient in protein and fat--4 grams of protein and 6 grams of fat deficit per person per day.



To make up the entire calculated deficit would require, in addition to the anticipated imports in 1962, the importation of the equivalent of 20 million tons of wheat, 100,000 tons of beans and peas, 220,000 tons of dry milk, and 1.6 million tons of vegetable oil.

These large deficits can not be made up by imports from other countries. In spite of large imports of food grains into the Far East at the present time, they represent less than 10 percent of the total consumption. Also the per capita income and the foreign exchange position of these countries are such that the countries could not afford to buy these products, nor could the individual afford to improve his diet with imported foods. These deficits must be made up through increased production within the countries themselves.

Although the Far East devotes much of its agricultural resources to food production--from 94 percent in the most densely populated countries to 29 percent in Malaya--use of other capital inputs such as chemical fertilizer, irrigation, machinery, improved seeds, pesticides, and insecticides is low in all but a few nations such as Japan. India is applying only 1.4 kilos of fertilizer plant nutrients per hectare and Pakistan 0.5 kilo. This compares with 245 kilos in Japan and 75 in Western Europe. Large-scale irrigation is practiced in some countries, but much needs to be done to improve the efficiency of water utilization in most areas except Japan and Taiwan.

Yields per acre in the Far East, particularly for food crops, are among the lowest in the world, reflecting the use of primitive techniques associated with a low level of capital inputs in agriculture. However, variation within the region is large. Japan's per acre rice yield is about 3.5 times India's, and the difference is widening as yields in Japan are increasing more rapidly than in India.

Economic incentives are almost totally lacking in many of the less-developed Far Eastern countries, reflecting subsistence production and low purchasing power. Much of the food produced is consumed on farms and only the residual is marketed. Consequently, production shows no appreciable response to changes in price.

Far Eastern agriculture will be hard pressed to maintain current consumption levels, and the existing gap between production and consumption may even widen. Some progress has been made in improving diets through imports, and the Far East probably will consume 4.5 million more tons of wheat in 1962 than would have been consumed if the 1958 level of consumption were maintained.

EAST ASIA

Agricultural output in East Asia in 1961 is expected to be about 2.5 percent above the previous year. This provides for only a slight gain in per capita output. The largest gain occurred in Japan, but South Korea showed the largest percentage increase.

Production of rice, principal crop of the area, increased by scarcely more than 1 percent in 1961 over the preceding year. Other grains combined made a somewhat better

Table 7.--Far East: Indices of agricultural production,[1] total and per capita by countries, average 1935-39, annual 1959-61

[1952-1954 = 100]

	Total				Per capita			
	Average 1935-39	1959	1960[2]	1961[3]	Average 1935-39	1959	1960[2]	1961[3]
East Asia:								
Burma	107	116	113	115	134	104	99	99
Cambodia	88	130	128	132	124	114	109	111
Indonesia	93	115	117	119	111	103	102	101
Japan	83	139	144	148	102	130	133	136
Laos	70	102	98	98	75	93	88	87
Malaya, Fed. of	[4] 72	125	129	134	[4] 96	102	103	104
Philippines	73	131	140	145	104	108	112	112
Singapore	([4])	142	149	160	([4])	107	109	113
South Korea	101	125	123	136	142	111	107	116
South Vietnam	162	198	186	171	235	160	146	132
Taiwan	87	127	134	135	140	103	106	102
Thailand	58	118	133	141	75	100	110	113
Total	88	128	131	135	112	113	114	115
South Asia:								
Afghanistan	[5] 90	110	117	117	[5] 103	104	109	108
Ceylon	74	113	118	119	106	97	99	97
India	83	118	124	128	102	105	108	109
Pakistan	103	115	117	114	126	102	101	97
Total	87	117	122	124	107	104	106	106
Total Far East	88	121	126	129	109	108	109	110

[1]Agricultural production during stated calendar year, including rice and some minor crops the production of which begins in stated calendar year and continues into the early months of the next year. [2]Preliminary. [3] Forecast. [4] Singapore included with Federation of Malaya prewar. [5] Prewar estimated for Afghanistan.

showing. Cassava was down slightly, but sweet potatoes gained 2.5 percent. Of the commercial crops, rubber was up nearly 2 percent, while copra output was 7 percent above last year. Sugar output was virtually unchanged. Livestock products made substantial gains, especially in Japan.

PRODUCTION.--Japan is the largest agricultural producing country in East Asia. Rice output in 1961 is only slightly below the previous year's record crop. A substantial decline in barley output was offset by an increase in wheat. The Government is encouraging a shift away from barley. Production of soybeans also showed a notable decline in 1961. Both white and sweet potatoes, as well as tobacco and livestock products, registered gains over the previous year. Japan's total 1961 agricultural output is expected to be about 2 and one-half percent above the previous year's level.

The past growing season in South Korea was unusually favorable. Estimates are for an 8 percent increase in barley and wheat. An even greater increase is expected in the output of rice. This staple food crop is setting a new postwar record by a substantial margin. Agricultural output in Taiwan is only slightly higher than last year. Rice production is not keeping pace with population. Peanuts showed an important gain in production, but the sugar crop is down because of a decline in planted area.

Farm production in the Philippines is expected to be more than 3 percent above the 1960 level. Copra, showing a gain of 10 percent, accounts for two-fifths of the overall

increase. Sugar, fruit, and meat also registered substantial gains. Corn production is up 2 percent, while rice will gain less than 1 percent.

Indonesia's agricultural production in 1961 is expected to be up about 2 percent from last year. The rice crop is larger, but the increase was limited by drought. Corn and cassava, also important food crops, are down from last year. Sugar output is down again in 1961, reflecting the shift to other crops. Copra production has increased following the improvement in security conditions in the main producing areas.

The Federation of Malaya has become the world's largest producer of natural rubber. Output has increased steadily since the beginning of the program for replanting with high yielding clones. A further rise of 3 percent occurred in 1961. Rice output increased about 14 percent and was an important factor in accounting for the overall gain in agricultural output of nearly 4 percent. The decline in copra production was equally sharp, but this crop is much less important in the total picture.

Agricultural production in Burma increased only moderately in 1961, showing no gain on a per capita basis. Pulses and tobacco are up slightly, while peanuts, cotton, and cottonseed show considerable gains. Both rice and sesame are down slightly, while rubber is off 10 percent. Nearly all major crops in Thailand are larger in 1961, and total output is up nearly 6 percent. Corn, sugar, and copra showed the largest gains. Corn increased one-third in response to strong export demand. Output in South Vietnam is down from the previous year and remains low in Laos because of the internal security situation. Cambodia has recovered from 1960's decline.

ECONOMIC CONDITIONS.--The Japanese economy continued to expand in 1961. The index of industrial activity stood at 272 in mid-1961, compared to 222 a year earlier (1955 = 100). Overall rate of growth is expected to exceed 10 percent in real terms. But for 1962 there are signs of a slowing down. Foreign trade has reached new high levels, but the rapid rise in imports has led to a sharp reduction in foreign exchange reserves. During 1961 there appeared unusual congestion at most of the principal ports of Japan.

The internal security problem that has plagued Indonesia for some years past is now much improved. While this is of long-range significance, the 1961 economic situation is not good, and no immediate improvement is in sight. Inflationary pressures persist. Exports may be the lowest in a decade, and licensing of imports has been reduced to conserve foreign exchange. Periodic shortages of consumer goods have become more frequent, and rationing is becoming a fixed feature of the economy.

In the Philippines holdings of gold and foreign exchange increased through much of 1960, but they have declined during 1961. This situation was aggravated by a decline in copra prices and a need to import rice not previously anticipated.

Malaya was faced with a sharp decline in world rubber prices in 1961, but tin prices moved up. Although the Federation Government has relaxed all import restrictions, foreign exchange holdings have continued to mount.

Thailand's overall economic situation in 1961 is relatively favorable. Receipts from exports are running well above 1960. Gold and foreign exchange holdings are at a record level. The cost of living index is moderately higher than a year ago, but no indication of serious inflation exists.

Armed subversion in the provinces of South Vietnam has adversely affected the movement of rice to market. As a result, and also because of severe floods, exports of rice were suspended. The effects on foreign exchange earnings are magnified by lower prices received for rubber exports.

Taiwan and South Korea continue to depend on U. S. aid. In Taiwan both exports and imports were up in the early months of 1961. In June the Government moved to establish, for the first time, a unified exchange rate. The new South Korean Government is drafting a comprehensive First 5-Year Economic Development Program.

TRADE.--Rice available for export from current harvests in East Asia countries may be less than in 1960-61. Unfavorable weather conditions at harvest will prevent exports from South Vietnam and reduce those from Cambodia and Burma. The production increase in export countries is less rapid than population growth. Price will be an important determinant in the disposition of the large Korean crop. With Japan no longer a major importer, short grain rice will be hard to move. Indonesia will again be the world's largest rice importer. Japan, which only a few years ago held this position, is now self-sufficient in rice. Burma's exports were down in 1960-61, and availability from the 1961-62 crop may be even less.

Japanese wheat imports continue to increase, and demand is strongest for the hard wheat varieties. Only token quantities of flour now are imported into the Philippines.

Philippine flour imports have now been replaced by wheat grain imports. Milling capacity is available to meet the country's needs. Other countries of the region are likewise building or planning to build mills to produce their own flour.

Japan continues to be a major world market for soybeans, cotton, and tobacco. The Japanese Government liberalized imports of soybeans and tobacco during the current year. A new Japanese import tariff became effective June 1, 1961.

Malaya will have larger supplies of rubber available for export. Copra will be in larger supply from both Indonesia and the Philippines. The Philippines will have more sugar to export, but Taiwan will have less.

Indonesia, once a large exporter, may have to import a small quantity of sugar.

U. S. agricultural exports to East Asia totaled $900 million in 1960-61, nearly one-fifth above the level of the previous year. The Japanese market, which accounts for three-fifths of the exports and an even larger part of the increase, has absorbed a growing volume of corn, soybeans, cotton, hides and skins, and tallow from the United States. South Korea, the Philippines, Taiwan, and Hong Kong rank after Japan in that order as destinations in East Asia for U. S. farm products.

LONG-RANGE OUTLOOK.--Japanese agriculture, already highly developed, is at the threshold of a new era. Agricultural science has been applied eagerly by Japanese farmers for many years to increase yield per acre and output per worker. Now a new avenue to prosperity is being opened.

Continued rapid industrial development in Japan is serving to reduce population pressure on farms and thus to provide opportunities for increasing farm size. Changes in the pattern of agricultural production reflect the higher purchasing power and rising levels of living of the Japanese people. The plan to double national income in 10 years has reasonable prospects for succeeding. This will provide stimulus for further expansion of scale and a greater degree of commercialization in Japanese agriculture.

Elsewhere in East Asia the populations are growing more rapidly than in Japan, and the economies are predominantly agricultural. Development plans aim at eventual industrialization. As a means to this goal, agricultural output is being encouraged. Both food crops and commercial crops are receiving emphasis to minimize imports or maximize exports. Production increases can be expected throughout the region, stemming in part from expansion of area, and in part from higher yields per hectare. The pace of increase will depend in large measure upon the availability of capital, either domestic or foreign, and the inclination of farmers to adopt improved production practices. For the immediate future increases in output per capita will be difficult to achieve because of the high rate of natural increase in population.

SOUTH ASIA

The growth of agricultural production in South Asia--India, Pakistan, Afghanistan, and Ceylon--fell behind population growth in 1961. Output per person for the area as a whole reflects high population growth rates and the resistance to change of these traditional agricultural economies. The index of production in 1961 is up less than 2 percent for this area, which contains 19 percent of the world's population and only 9 percent of the world's agricultural production.

PRODUCTION.--India's agricultural production in 1961 was slightly more than 3 percent above 1960, somewhat less of an increase than during the previous 2 years. Output of rice in 1961 was slightly below last year's record crop which in turn was 9 percent above 1959. Production of wheat, millets, and sorghum was up 5 percent in 1961 with output of barley and corn at about the levels of 1959 and 1960 and cotton was down slightly in 1961. Outturn of all oil seeds is expected to be a record with a 6 percent increase over 1960. Centrifugal sugar production, spurred by high price supports was up sharply in 1961 with non-centrifugal production registering a decline. However, centrifugal sugar production in 1962 is expected to be down 11 percent because of changes in Government sugar policies. Non-centrifugal production will be up sharply.

Pakistan's production in 1961 may decline about 2.5 percent because of drought which reduced the grain and oilseed crops harvested in West Pakistan, and because rice production in East Pakistan is not expected to reach the record level of 1960. Jute production

may reach a record 1.2 million tons in 1961 because of removal of the acreage control system in effect since 1941, and also in response to the high jute prices of 1960.

Except for rice, tea, and copra production, output of Ceylon's crops has been fairly steady during recent years. Copra production, recovering from a 1960 drought reached a new high in 1961. Rice production is down 6 percent from the previous year's high. Tea production is slightly above that of 1960, but the average for 1960 and 1961 is 7.8 percent above the level of the previous 2 years.

Production of most crops in Afghanistan is near the 1960 level, which in turn was about 6 percent above 1959.

ECONOMIC CONDITIONS.--Foreign exchange holdings in India and Pakistan declined steadily during 1961. These countries have spent their foreign earnings for economic development rather than accumulate them in the form of reserves.

India's production of food grains in 1961 is expected to reach 80.5 million tons, 6 percent above 1960 and only 400,000 tons short of the Second Plan target which ended March 1961. This achievement brightens production prospects in the Third Plan Period, but unfortunately does not mean that a breakthrough in agricultural technology has been achieved or that the basic agricultural problems have been solved. During the Second 5-Year Plan the pace of economic development had increased: the national income rose 20 percent; investment reached the level of 11 percent of national income, three times the level of 10 years ago; and industrial production increased markedly. Tempering these brighter aspects, however, the economy suffered from mounting inflationary pressures, primarily due to the continuing inadequacy of resources relative to growing demand reflected in a higher level of investment and food consumption.

After several inflationary years, 1961 was one of fairly stable prices in Pakistan due to the liberalized import program, reserve stocks of 500,000 tons of wheat in West Pakistan and 250,000 tons of rice in East Pakistan, and vigorous Government efforts to tailor the money supply to aggregate demand. A 4-year $622 million P.L. 480 program signed in October, 1961 likely will increase per capita grain consumption, curb inflationary pressures expected from development efforts during the next few years, and help finance numerous economic development projects. To centralize responsibility for agricultural development and replace several organizations now operating in this field, two agricultural development corporations are being established, one in each province. The corporations will have the task of getting needed production supplies and educational and technical assistance to farmers.

In Ceylon the Government has been modifying the economic system by increasing the role of the State and restricting the area for private business. Holdings of gold and foreign exchange improved somewhat during the year. The Government found it necessary early in 1961 to impose stringent import restrictions and to raise interest rates to protect the nation's foreign exchange holdings. In January 1961 they had fallen to their lowest level since 1941.

TRADE.--Grain imports into South Asia will continue to be a large share of the world total. Wheat and flour imports in the year 1960-61 were 5 million tons, 13 percent of the world total, and rice imports in calendar year 1960 were 1.6 million tons, 24 percent of the world total.

India imported a record 5.1 million tons of food grains in 1960, 85 percent under P. L. 480, which helped fill the country's existing storage facilities of 2.5 million tons. Imports during the next few years are scheduled to continue at about 4 million tons. Storage facilities will probably be increased to 5 million tons within the next 5 years. Cotton imports in 1960 jumped 100 percent to 205,000 tons as a result of a 20 percent decline in domestic production in 1959.

Under the latest P. L. 480 agreement Pakistan will import 5.6 million tons of wheat, 500,000 tons of feed grains, 380,000 tons of vegetable oil, and several other commodities during the next 4 years, 1962-66. Annual wheat imports in recent years were almost 1 million tons, but in 1961-62 will rise to about 1.5 million.

Ceylon will continue to import about 500,000 tons of rice, and 200,000 tons of wheat flour annually for the next few years. Burma and Mainland China have a trade agreement to supply about 90 percent of the rice requirement, but with the serious food crisis in China, its share of rice may be purchased from a third country as was the case last year. Australia, also under trade agreement, will supply slightly more than half the wheat flour requirement.

In 1961, India was given an opportunity to export 175,000 short tons, raw value of sugar to the United States. This has greatly aided India in its effort to earn U.S. dollars to be used for importing capital equipment for economic development programs. Total exports of sugar during the year ending October 1961 amounted to about one-third of a million tons. In the previous season exports were negligible. Efforts to increase exports of sugar will continue.

Pakistan's Export Bonus Scheme, that began in 1959 by granting exporters import certificates for selected exports, has altered the commodity composition of the country's export trade. The value of jute, cotton, and wool manufactures, favored by the Scheme, has been increasing sharply, more than offsetting the decline in raw jute (volume only), cotton, and wool exports--products not favored by the Scheme. Pakistan, which entered the superior rice variety export market in earnest, probably exported about 100,000 tons of superior rice varieties during 1961. This is an increase of about 40 percent over 1960. The outlook for 1962 is for exports of 110,000 tons of superior rice varieties.

Ceylon has tended to increase the share of exports that are sold under barter agreement. Although most of these agreements have been with Soviet Bloc countries, some have been arranged with Free World countries. The present Government hopes to secure the importation of most of Ceylon's important requirements through these bilateral agreements. The country has set up a semi-monopolistic State trading organization, the Cooperative Wholesale Establishment, to handle this increase in barter trade.

LONG-RANGE OUTLOOK.--The countries in the area, within the framework of multi-year economic development plans, are rapidly increasing their industrial production, but only slowly changing the traditional structure of the agricultural sector. Self-sufficiency in food production is a major goal of the countries, but is many years away.

Long-term concessional sales under present P. L. 480 agreements are slated to continue in India until 1964 and in Pakistan until 1965. Other foreign aid, both financial and technical, will be necessary for development in the years ahead and is expected to continue.

India's production of food grains has increased about 4.5 percent per year from 1950-52 to 1959-61. Although this rate of increase was greater than the annual rate of population growth, grain deficits were 1.4 to 5.1 million tons during the period 1956-60. These imports reflect in part increased consumption resulting from higher per capita incomes which during the decade increased about 17 percent.

The Third 5-Year Plan Period, which began April 1961, is considered by India to be the first half of the "critical decade ahead". The Government seeks to achieve and consolidate a take-off point for a self-sustaining economy. In agriculture, the plan calls for an increase of 30 percent in production over 1960-61. To help achieve this high production level by the end of the Plan, a new program has been introduced, called the Intensive Agricultural District Program.

Per capita income in Pakistan during the period 1949-51 to 1959-61 remained stationary because population growth absorbed the 24 percent increase in the national income that occurred during the period. In the short run this trend will probably continue with rapid industrial development being offset by a static agriculture. Under the Indus Water Treaty of 1960 a $1 billion program for the development of agriculture and hydroelectric power in the Indus River Basin is scheduled to begin in mid-1962 and be completed by 1973. The works to be constructed are primarily designed to allocate the waters of the Indus River System between India and Pakistan. Additional projects will be launched in Pakistan to increase the land under irrigation, reclaim waterlogged and saline soils, and vastly increase the country's hydroelectric power potential.

Ceylon's paucity of natural resources will reduce effectiveness of attempts to promote industrialization and in the short run at least, the economy will remain based upon the three plantation crops that earn 95 percent of the nation's foreign exchange: tea, rubber, and coconut products. A measure of political stability has returned and in the years ahead the new Government hopes to accelerate development and colonization of new land and to increase per acre yields of rice.

West Asia

Agricultural production in West Asia in 1961-62 is estimated at almost 2 percent above 1960-61. Relief from the prolonged drought in the area largely accounts for the

gains registered in all countries, except Turkey, the major agricultural producer. Turkey's loss offsets much of the gain in the other countries of West Asia. (See table 8.)

PRODUCTION.--The most important agricultural country is Turkey which annually produces roughly one-half of total agricultural production in the area. The 1961-62 production in Turkey is expected to drop about 2 percent from last year's good harvest causing a 5 percent decline in per capita farm output. The 1961 wheat crop, estimated at 6 million metric tons, was down 14 percent from 1960 creating a cereal shortage of about one million metric tons which will need to be imported. Total grain production was down 10 percent. Other significant reductions also were forecast for beans and peas (11 percent), sugar (38 percent), and tobacco (21 percent). Estimated production increases over 1960 were registered for citrus fruit (6 percent), other fresh fruit (21 percent), dried fruit (16 percent), and nuts (16 percent). Turkey's 1961 cotton crop also was estimated to be up nearly 10 percent over 1960.

Iran, second ranking agricultural producer, had favorable weather in 1961. Although a 5 percent increase over 1960's drought-affected harvest was reported, levels of production were only "average." Moderate to substantial increases were forecast for nearly all commodities except cotton, dried fruit, and rice over the previous year. Shortages are expected to develop again in 1961-62 requiring some imports of cereals.

Total agricultural production in Iraq is expected to be up 1 percent in 1961 over 1960 mostly due to increases in outturn of most grains, except rice. But the 1961 date crop, Iraq's important agricultural export, is believed to be down 17 percent. Per capita production in Iraq has declined steadily since the 1958 revolution and is now 13 percent below the 1952-54 average level.

Overall agricultural production in Israel likely will register a slight increase over the high level of recent years. The 1961-62 output of citrus, a most important crop in Israel, is expected to be down about 5 percent from last year. Cotton production continues to rise, but the output of eggs and meat is declining slightly.

Cyprus, Jordan, Lebanon, Saudi Arabia, and Yemen emerged in 1961 from a 2- to 3-year period of drought and generally benefited from increased production over recent year patterns. Total production in 1961-62 compared with the previous year was estimated to be up 2 percent in Cyprus, 78 percent in Jordan from the 1960-61 drought year, 7 percent in Lebanon, and 6 percent in Yemen. Saudi Arabia's output is holding steady.

Agricultural conditions in Syria for 1961-62, although improved, will likely remain far below normal due to inadequate rains. Production is forecast at higher levels than the

Table 8.--West Asia: Indices of agricultural production, total and per capita by countries, average 1935-39, annual 1959-60 to 1961-62

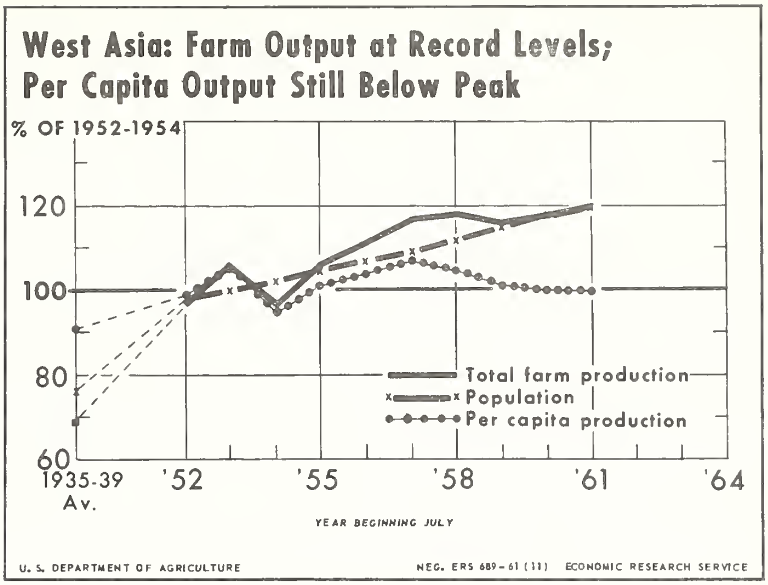
(1952-53 to 1954-55 = 100)

Country and region	Total				Per capita			
	Average 1935-39	1959-60[1]	1960-61[2]	1961-62[3]	Average 1935-39	1959-60[1]	1960-61[2]	1961-62[3]
Cyprus	70	104	96	98	96	95	86	86
Iran	84	126	119	125	112	110	101	103
Iraq	60	105	109	110	97	88	89	87
Israel	70	203	205	206	115	162	160	155
Jordan	40	71	50	89	63	59	40	70
Lebanon[4]	79	107	103	110	116	95	90	93
Saudi Arabia	75	99	98	98	75	99	98	98
Syria	56	90	94	109	85	72	73	82
Turkey	66	114	121	119	90	97	100	95
Yemen	75	77	95	101	75	77	95	101
Total	69	116	118	120	91	101	100	100

[1] Revised. [2] Preliminary. [3] Forecast. [4] Revised series.

1952-54 average for the first time in 3 years. Some progress is reported for grains, but cotton produced chiefly under irrigation registers the most outstanding increase.

TRADE.--U.S. total exports to West Asia continue to rise, and in 1960 reached $601 million of which 27 percent were agricultural products. Except for petroleum, West Asia exports are primarily agricultural products. Major items are fruits, nuts, cotton, and tobacco.



Exports of nuts, vegetables, cotton, and fresh fruits are expected to be up from last year. Tobacco exports from Turkey are estimated lower than those from last year's large crop. Date exports from Iran and Iraq will likely be reduced from 1960-61. Cereal imports are running substantially higher in Turkey (likely 1 million metric tons of wheat), and slightly less in Jordan and Lebanon than in the previous year. Moderate rice imports will be continued by several countries. Sugar imports generally will be increased, due to reduced production within the area.

Israel expects to increase exports of domestic cotton, but will remain a small net importer of that commodity. About 370,000 tons of fresh citrus are expected to be exported from the 1961-62 crop; part has been presold to eastern European countries.

Syria will not have grains for export for the third consecutive season. Approximately 200,000 tons of wheat and wheat flour along with small quantities of rice must be imported to meet domestic needs according to present estimates. Although no barley will be available for export probably no imports will be required to meet domestic needs. The usual quantity of cotton will be available for export, but due to small livestock numbers, exports of wool, and hides and skins will be down.

ECONOMIC CONDITIONS.--In August 1961, after completing its first year of independence, Cyprus announced a 5-year economic development program. Agriculture, the backbone of the economy, probably will receive about 40 percent of total expenditures. Over half the total amount is expected to be financed from external sources.

Iran's financial position did not improve in 1961. Heavier than expected expenditures for imports followed the drought in 1960. The Shah's land distribution program continued at a moderate rate. Plans were set forth for the third-development program to start in 1962. Political uncertainties aggravated Iran's precarious economic position in 1961.

Iraq has not yet fully recovered from its 1958 revolution. This is indicated by lagging per capita agricultural production and periodic displays of civil unrest.

Despite substantially increased agricultural production in Jordan, the country continues to rely heavily upon external aid programs. Segments of the East Ghor Canal irrigation project were completed in 1961 and are expected to contribute appreciably to Jordan's agricultural production in the future.

Lebanon's relative financial stability stands out in the area; the country is becoming less dependent upon external financial assistance.

Petroleum had its usual important and stabilizing effect on the economies of Saudi Arabia, Iran, and Iraq.

Turkey's net trade position in 1961 and the foreign exchange derived therefrom will likely be even less favorable than in 1960. Tobacco production and exports probably will be down significantly from last year's good harvest. Cereal shortfalls will probably necessitate larger-than-ever imports, mostly under special Government programs. Larger export selling of most dried and fresh fruits and nuts will alleviate the foreign exchange

problem slightly, but not enough to offset the burdensome drains that are expected in 1961-62. Turkey's Provisional Government, a year and half after the May 1960 coup, opened the door to a popular election in October 1961. Outlook: continued political uncertainty endangering economic stability.

Economic activities in Israel continue at high levels but with assistance from outside the country. The U. S. Government programs have been most helpful to the Israeli economy. Economic growth is hampered by high costs of production and the Arab boycott.

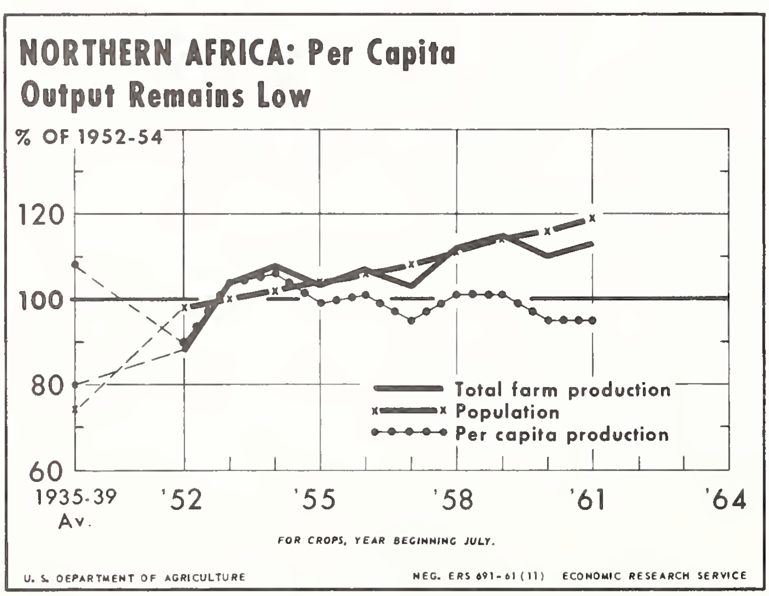
In spite of the slight improvement in Syria's foreign exchange position during the first 6 months of this year, the country's overall economic position showed little improvement over the previous year. Small gains were reported for the industrial sector, but the agricultural economy remained depressed by drought. In light of the economic condition, the country hopes its grain deficits can be filled by supplies from the United States under special Governmental programs.

LONG-RANGE OUTLOOK.--Agricultural development is of prime importance in the overall economic development programs of virtually all countries in West Asia. Cyprus, Iran, Iraq, Jordan, Turkey, and Yemen stress agriculture above most other endeavors. Lebanon and Saudi Arabia are not as dependent on agriculture and thus favor other sectors of their economies first. Irrigation and water resource development are the keys to a greatly expanded agricultural capacity of West Asia in the future. They hold prominent places in the development program. Expected agricultural gains are not sufficient to make the area entirely self-sufficient in food over the next decade.

In Syria prospects for long-term increases in agricultural output are good in spite of present difficulties. As in a few other countries in West Asia, there are excellent potentials for the expansion of crop acreage. Syria's agricultural economy unlike many of the neighboring countries, is not heavily dependent upon any one farm crop. Given favorable climatic conditions and political stability, Syria may well emerge as one of the area's most important agricultural countries in the next decade.

Projections of production and imports in West Asia for 1966 indicate consumption will equal or exceed nutritional reference standards for animal and pulse proteins. However, consumption of other proteins and fat will fall short of nutritional standards by the equivalent of 1,297,000 metric tons of wheat and 15,000 metric tons of vegetable oil.

Africa



NORTHERN AFRICA

Agricultural production in Northern Africa for 1961-62 is expected to show improvement over depressed output of the previous year. The index of total agricultural production for 1961-62 is forecast at 113 percent of the 1952-54 base period, some three points above last year's. The per capita index of 95 is the same for the previous year and less than the base period, indicating that production has not kept pace with population growth. (See table 9.)

The value of U.S. imports from Northern Africa showed an increase to $70 million in 1960 from $51 million in 1959. These included agricultural products, mainly coffee, and hides and skins. Also, U.S. exports to the area went up to $286 million in 1960 from $231

million in 1959 with 44 percent agricultural products. The largest portion of farm shipments to the area was under special Governmental programs.

PRODUCTION.--Due to the severe and prolonged drought, which began in the fall of 1960 and continued through the winter and summer of 1961, the western countries of North Africa experienced serious grain crop failures, reduction in some other crop yields, and an abnormally high mortality rate in livestock particularly sheep. Livestock numbers also dropped in Libya. Assuming a return to average rainfall in these areas, considerable improvement in production is forecast for the next harvest. Lack of irrigation water and damage by insects is cutting Egypt's agricultural production for the 1961-62 year but the crop outlook is good for Ethiopia and the Sudan.

In addition to a grain production of less than 40 percent of normal and decimation of livestock in Algeria, another dramatic factor in the drop in last year's agricultural production was the loss of up to 90 percent of the tobacco crop. This was due to blue mold on four-fifths of the area usually planted. General recovery in production of all crops and livestock products is expected to come in 1962.

The protracted drought reduced the 1961 production of wheat in Morocco to 65 percent of average; barley production was less than one-third of the previous year's output; corn was 100,000 tons short of average output; animal loss was heavy. Grain harvests in 1962 are expected to reach the volume of recent more favorable years. The new crop of citrus is expected to establish a new record high for Morocco. Production of grapes for wine, potatoes, olives, and vegetables likely will maintain the higher level of the past few years.

Tunisia produced one of the largest olive crops in recent history this past year and had an excellent citrus season. Condition of the vineyards are generally satisfactory in spite of the insufficient and badly distributed rainfall in 1960-61. The forecast is for a general recovery from 1961 which saw the worst wheat and barley crops since World War II (less than 35 percent of average 1950-59 yield); heavy drought damage to livestock (losses estimated at more than 50 percent in some areas); and short crops of corn, oats, sorghum, potatoes, dates, and tobacco.

Outlook for 1961-62 production of Tunisian olive oil is unfavorable. In addition to being an "off" year, inadequate rains since last fall also contributed to a sharply reduced outturn, possibly as low as 25 to 30 percent of the previous year's above average production. The 1961-62 citrus crop is expected to be smaller than last year's crop.

Egypt is the ranking agricultural producer in Northern Africa. And in Egypt overall agricultural production for 1961-62 is expected to show a decline of about 11 percent from a relatively good year in 1960-61. Wheat output is down slightly because of smaller acreage sown. Increased area was planted to corn, but indications are that the total harvest will be 12.5 percent below the 1.7 million tons produced last year. Reduced yields are due both to insect infestations and flooding conditions that prevailed in Upper Egypt during the growing season. Inadequate irrigation water at the beginning of the rice season reduced the area sown by some 240,000 acres from last year. Thus, it is anticipated that rice production will equal only three-fourths of its normal level. Likewise, due to severe insect infestation, the outlook is not good for the cotton harvest. The first official estimate of the 1961-62 crop is given at 1.6 million bales (500 pounds gross). This is below last season's near record crop by some 600,000 bales, despite a 6 percent increase in acreage. Of all Egypt's major crops, only sugar and fruits are expected to show a substantial increase over last season's production.

The Sudan agricultural output is forecast at considerably higher levels than for 1960-61. Favorable weather coupled with larger areas planted gives strong support to the belief that cotton and cereal production will equal or exceed previous highs. It is also expected that oilseed, vegetable, and fruit production will equal or surpass normal levels.

Except for the dangerous depletion in livestock numbers resulting from a combination of past droughts, and of late floods, the agricultural situation in Libya is much improved from the previous year. Grain production is expected to be near record levels. The outlook is also good for a large olive harvest.

Although drought conditions were reported in local areas of Ethiopia indications are that grain production will be good. Arabica coffee production, major source of foreign exchange in Ethiopia, is estimated at 53,000 metric tons for 1961-62, compared with an average of 37,000 tons for 1952-54. Oilseed production is estimated at normal levels.

TRADE.--Algeria, Morocco, and Tunisia will have to rely heavily on purchases and gifts of grain from abroad to make up shortages caused by local failure of these crops in 1961.

It is anticipated that a total of 850,000 tons of grain will be shipped to Algeria from France in the 12 months beginning August, 1961. Of this, 300,000 tons of hard wheat is expected to be purchased by France on the world market. Algerian exports of citrus fruits will be above normal. Trade in wine and some early vegetables will probably be below last season's offerings.

The United States is supplying about 330,000 tons of wheat and barley to Morocco under the food aid programs. Dollar purchases of U. S. breadgrains will provide another 114,000 tons for consumption and seed. Even so, Moroccan grain supplies will fall some 600,000 tons below normal consumption requirements of wheat, barley, and corn. Citrus exports, which in 1960-61 reached an all time peak, should continue at a high level. Moroccan date and olive exports should increase in the coming season; exports of pulses and vegetables should regain the losses felt as a result of the drought.

Tunisia will have a large deficit in major grains in 1961-62. Within the framework of food aid programs, the United States is contributing about 340,000 tons of wheat, 50,000 tons of barley, and a small amount of corn. Grants of U. S. sorghum and corn for feed, totaling 60,000 tons, have been requested. Increased imports of cattle for slaughter are anticipated. Tunisia will have ample supplies of olive oil and wine for exports, from the 1960-61 crops but could encounter some difficulties in marketing these commodities.

Most of the Sudan's and much of Egypt's cotton crop (estimated at about 2.2 million bales) will be available for export. The Sudan also will have surplus quantities of oilseed and coarse grain. Egypt probably will not have surplus supplies of rice, since current production is indicated short of domestic requirements.

Along with oilseeds, the largest portion of Ethiopia's coffee crop will be available for export. The Sudan and Ethiopia are expected to be self-sufficient in grains in 1962. In addition to large quantities of meat, vegetable oil, and dairy products, Egypt will need close to 1.4 million tons of bread grains. Likewise, the Somali Republic will need larger grain imports than usual due to severe flood over much of the country in late 1961.

ECONOMIC CONDITIONS.--The 1960-61 drought, superimposed upon political unrest which has inhibited Algeria's national economy for 7 years, sparked a further marked economic recession. These things have combined to greatly reduce purchases of equipment and delay new investments in the agricultural sector. Steadily increasing unemployment over the past year has been accentuated by the preoccupation of Algeria's remaining labor unions with political considerations.

Similarly the 1961 failure of grain crops, together with high livestock mortality, attendant food and feed supply difficulties and the need for added imports, constitutes a major setback for the national economies of both Tunisia and Morocco. Unemployment and underemployment, which last year began to decline as a result of the expansion of Government work programs and a slight improvement in the economic picture, have increased. At the same time prices rose significantly.

Despite foreign exchange difficulties, economic activities in Egypt continued at about the same pace reported for the previous year. Cotton exports were down 14 percent, or 250,000 bales but gains were registered for other commodities. The year was marked by a series of governmental decrees to further implement its program of socialization. Among other things, much of the industrial sector of the economy was nationalized, new taxes were levied, and additional steps were taken to further limit the amount of individual ownership of farm land.

Economic conditions in the Sudan continued the recovery reported for the previous 2 years from the state of economic collapse evident in 1958. Gold and foreign exchange reserve had risen to $173 million at the end of August 1961 from the level of $46 million at the close of 1958. Progress was reported for both programs to diversify the country's agriculture and to promote industrial development.

The 1961 level of economic activities in Libya was good. The intensive search for oil that prevailed throughout 1960 is reported to have lost momentum during the first half of 1961. However, with much improved agricultural conditions, the country may well end 1961 with overall economic activities at a near record high.

Economic conditions in Ethiopia favored the advancement of development plans during 1961. The country's foreign exchange holdings remained relatively stable. Increased use

Table 9.--Africa: Indices of agricultural production, total and per capita by countries, average 1935-39, annual 1959-60 to 1961-62

(1952-53 to 1954-55 = 100)

Country and region	Total				Per capita			
	Average 1935-39	1959-60[1]	1960-61[2]	1961-62[3]	Average 1935-39	1959-60[1]	1960-61[2]	1961-62[3]
Northern Africa:								
Algeria	94	108	75	97	119	94	64	80
Egypt	90	126	134	120	123	110	113	99
Ethiopia	76	110	114	115	95	101	103	102
Libya	73	129	124	159	94	121	114	145
Morocco	69	89	68	85	93	77	57	70
Sudan	60	138	127	147	97	121	108	120
Tunisia	75	96	104	101	103	85	90	86
Northern Africa total	80	115	110	113	108	101	95	95
Southern Africa:								
Angola	--	127	130	--	--	115	117	--
Cameroun	--	129	136	--	--	124	130	--
Congo, Republic of the[4]	--	122	91	--	--	105	76	--
Dahomey	--	109	111	--	--	89	90	--
Ghana	--	129	148	--	--	105	117	--
Guinea	--	120	122	--	--	90	88	--
Ivory Coast	--	180	201	--	--	153	166	--
Kenya	--	140	145	--	--	125	127	--
Liberia	--	109	107	--	--	107	104	--
Malagasy Republic	--	129	133	--	--	109	110	--
Mali, Republic of	--	94	116	--	--	82	98	--
Niger	--	164	148	--	--	136	119	--
Nigeria[5]	--	119	131	--	--	103	112	--
Rhodesia & Nyasaland, Federation of	--	128	140	--	--	107	114	--
Ruanda-Urundi	--	112	91	--	--	95	75	--
Senegal	--	131	140	--	--	118	124	--
Sierra Leone	--	105	106	--	--	91	90	--
South Africa, Republic of	--	114	121	--	--	100	104	--
Tanganyika	--	145	141	--	--	128	123	--
Togo	--	118	125	--	--	100	103	--
Uganda	--	119	122	--	--	100	100	--
Upper Volta	--	105	113	--	--	94	99	--
Southern Africa total	80	123	127	130	106	109	109	110
All Africa	80	120	120	123	107	106	103	104

[1] Revised. [2] Preliminary. [3] Forecast. [4] Formerly Belgian Congo. [5] Includes British Cameroons.

was made of foreign capital, both private and governmental, to finance industrial projects. A growing interest in petroleum development has prompted the Government to give prospecting concessions to several foreign countries.

LONG-RANGE OUTLOOK.--As long as Algeria's political future remains in doubt, there is little reasonable hope for any major expansion of the agricultural economy. Best prospects for limited improvement appear in the fields of public works, petroleum activities, and consumer expendables.

Morocco and Tunisia have appreciable potentials for expansion of crop and livestock production. The rate of implementation of current well-drafted agricultural development plans will depend in part on how quickly losses sustained as a result of the 1960-61 drought can be regained, and, in the case of Tunisia, partially on the extent to which the current disaffection with France can be redressed.

The withdrawal of Syria from the United Arab Republic made Egypt's economic future less hopeful than previously had been anticipated. In the past it was thought that the large agricultural potential in Syria might provide some relief for Egypt's food deficit position. This position is caused by a rapidly growing population on a strictly limited crop acreage. Completion of the High Aswan Dam (now under construction) will provide some relief; but the needs accompanying population growth are likely to be greater in the long-run than the probable benefits of power and irrigation output from the Dam.

The Sudan and Ethiopia have excellent potential for the expansion of crop acreage and production. The Sudan has a well-organized development program and within the last few years has been able to meet scheduled goals to increase the total irrigated area. As the country moves to realize its long-range potential, increasing emphases are being given to diversification of agriculture. The Sudan undoubtedly will show substantial economic progress within the next decade, given political stability and continued demand for its cotton on the world market.

Ethiopia also is undertaking long-range plans to develop agricultural resources. Agricultural projects are being initiated to reduce the country's dependence on coffee for foreign exchange earnings and to achieve greater self-sufficiency by increasing the production of cotton and food crops.

"The World Food Budget 1962-1966", indicates the population of Northern Africa does not have nutritionally adequate diets. All countries except Morocco have calorie deficiencies in the average diet. No Northern African country has a deficiency of animal protein, and only Libya has pulse and other protein deficiencies. Algeria, Libya, Morocco, and Tunisia have fat deficiencies.

Projections to 1966 of production and imports in this area indicate that consumption will fall short of nutritional standards by the following: pulse protein equivalent to 28,000 metric tons of dry beans and peas; and other protein and calories equivalent to 202,000 metric tons of wheat. The fat shortages existing in the area in the base year (1958) will be eliminated by 1966, according to projections.

SOUTHERN AFRICA

In Africa south of the Sahara the 1960 rush toward political independence slowed considerably in 1961, although political developments and movements continued to be of great importance in the area. The recent Angola disturbance is expected to be reflected in the 1961-62 crop of coffee. Sierra Leone gained its independence in April 1961, and Tanganyika became a fully independent member of the Commonwealth in December 1961 as scheduled. This was the first British administered territory in East Africa to attain such a status. In 1961 the Union of South Africa became a Republic. Recent political disturbances in the Republic of the Congo are largely responsible for depressed agriculture in that country.

PRODUCTION.--For the area as a whole, agricultural production in 1960-61 improved over the previous year.

Nigeria, the ranking agricultural producer of all African countries, experienced a fine agricultural year in 1960-61. Its total production increased 10 percent over the previous year and recorded highest-on-record productions of cocoa, sesame, and cotton, and the second highest recorded production of peanuts.

Political disturbances in Republic of the Congo (Leopoldville), following independence (June 30, 1960), caused greatly reduced production for the 1960-61 crop year. Of the main

export crops, it is estimated that coffee production is 28 percent below that of 1959-60, palm produce and rubber, 20 percent below, and cotton 40 percent below. Of the major food crops, cassava production is estimated to be down 20 percent, plantains and bananas 10 percent; corn 30 percent; sweetpotatoes 20 percent; peanuts 50 percent; and rice 60 percent.

Agricultural production in Ruanda-Urundi is estimated to be reduced about a fifth from that of the previous year.

The 1959-60 cocoa crop in Ghana (322,000 metric tons--a record up to that time) was far surpassed by the new record crop of 437,000 metric tons for the 1960-61 season, an increase of 36 percent.

In the nearby Ivory Coast a record 1960-61 crop of 91,000 metric tons of cocoa was more than matched by a record crop of 189,000 metric tons of coffee. These were, respectively, 47 and 22 percent larger than the 1959-60 crops.

Production of rice, the major food crop of Sierra Leone, continues at a steady level of about 260,000 metric tons annually. Rice imports still are required, although it is hoped that enough rice can be produced by 1962 to eliminate rice imports after that year.

In Cameroun agricultural production of 1960-61 showed significant increases with production of coffee, cocoa, cotton, and vegetable oil production leading the way.

The 1960-61 cotton crop in Chad is believed to be a record crop of 98,000 metric tons of seed cotton.

In the eastern part of the area, the 1960-61 crop year was generally improved over 1959-60, except for severe drought in some low rainfall areas of Kenya and Tanganyika where there were losses of range livestock and a poor corn crop. This occasioned food shortages and need for substantial amounts of corn from outside the area. However, the production of coffee, tea, pyrethrum, and sisal set new record levels in East Africa. Production of cashews for export continues to expand in Tanganykia.

Zanzibar produced another bumper crop of cloves and remains the world's largest producer of this item.

The Federation of Rhodesia and Nyasaland produced a record tobacco crop of predominantly flue-cured kinds. Nyasaland had a record tea crop, as did Mozambique.

The physical volume of agricultural production in the Republic of South Africa in 1960-61 stepped up briskly from the previous year partially because local drouthy conditions of the previous year disappeared. The improvement in 1960-61 featured an excellent corn crop estimated about 20 percent higher than the previous record crop. Production of the important wool crop continues at a high level.

TRADE.--Foreign trade in agricultural products by countries in Africa south of the Sahara consists primarily of exports of coffee, cocoa, peanuts, oil palm, and cotton products and of imports of wheat flour, wheat, rice, and "delicatessen" items. During 1961 there has been some evidence of the newly independent countries shifting their trade pattern, although they largely continued to trade within traditional patterns. It is probable that the 1960 and 1961 trade figures will show that the greatest dislocation of trade occurred in the Republic of the Congo.

In 1960 the Republic of South Africa continued its role as the largest exporter (by value) of agricultural commodities in Africa. Exports of white corn from this country are expected to be high in 1962 following a record crop making it the world's second largest exporter of corn. Wool is still the country's most valuable single agricultural export commodity, but it is now exceeded by the collective value of all fruits, fresh and canned.

Nigeria is among Africa's leading ranking countries in agricultural exports. In 1960 they were valued at $380 million and consisted mainly of vegetable oil products, cocoa, rubber, cotton, and hides and skins. United Kingdom is Nigeria's chief trading partner.

In 1960, Ghana exported $189 million in cocoa beans and cocoa paste, 59 percent of its total exports (agricultural and nonagricultural) of $320 million. Twenty million dollars worth (35,000 metric tons) of cocoa beans went to Russia. This was 11 percent of cocoa beans exported.

Senegal, Soudan, and Mauritania in 1960 exported peanuts and peanut products valued at $95 million. This was 84 percent of total exports. Before the end of 1960, Soudan took the name Republic of Mali. Due to political difficulties with Senegal, rail traffic to Dakar, Senegal was discontinued and foreign trade was conducted chiefly through the port of Abidjan, Ivory Coast.

Chief 1960 agricultural exports from the Ivory Coast consisted of $76 million in coffee and $35 million in cocoa beans. These made up 50 percent and 23 percent, respectively, of total exports (agricultural and nonagricultural). Liberia's major agricultural export, rubber, was worth $39 million in 1960, or 49 percent of all exports.

Malagasy Republic continues to supply the major portion of the world's trade in vanilla, while Kenya and Tanganyika now supply nearly three-fourths of the world's export trade in pyrethrum, for which the United States is the major market.

There have been only minor import liberalizations in the area in 1960-61.

ECONOMIC CONDITIONS.--There was generally not much change in the overall economic conditions and activity in 1961 from 1960, although there was a mixture of good and bad conditions throughout the area. The newly independent countries encountered many economic problems in their first year of independence.

In the Republic of the Congo, the economy continues depressed and in Angola, the uprisings in 1961 stymied the economic progress of large areas in that country.

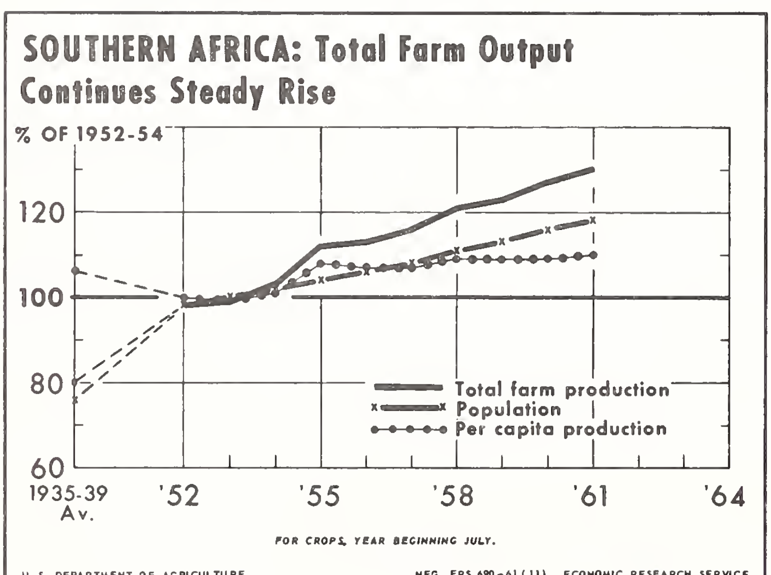
The Republic of South Africa's economy is in a reasonably healthy condition. It is the most highly industrialized country in Africa. However, the agricultural sector is threatened somewhat by an unfavorable spread between farm costs and prices. Some agricultural commodities are being exported at a loss thus reducing the price stabilization funds built up by the marketing boards over past years.

World coffee surpluses and attendant low prices continue to be a problem for the several African countries producing large quantities of coffee.

LONG-RANGE OUTLOOK.--Africa south of Sahara is largely an underdeveloped region with a huge potential for increasing not only agricultural production but also industrial development and mining. The production and export of agricultural commodities are expected to continue for some time to be the major components of the area's economy.

Agricultural production is expected to continue to increase rapidly over the next decade. The area will remain largely self-sufficient in food except for wheat. Wheat is produced in only limited amounts in the area, and is not expected to increase appreciably in the next few years.

"The World Food Budget, 1962-1966", published by USDA, indicates that most of the population in Southern Africa does not have nutritionally adequate diets. The Republic of South Africa and the Federation of Rhodesia and Nyasaland are the only countries of the 21 African countries studied which had no dietary deficiencies. Calorie deficiencies were found only in Kenya, Tanganyika, and Angola. Protein deficiencies were also found in these countries as well as in every country studied in Central and West Africa. Fat deficiencies were indicated in few countries.



Projections of production and imports for 1966 indicate a shortage in supplies to meet nutritional reference standards in the following magnitudes: animal protein equivalent to 63,000 metric tons of nonfat dry milk; pulse protein equivalent to 47,000 metric tons of dry beans and peas; fat equivalent to 20,000 metric tons of vegetable oil; and other protein and calories equivalent to almost 2.2 million metric tons of wheat.

Australia and New Zealand

Volume indices of Australia and New Zealand's combined agricultural production have been estimated for 1961-62 at 124 or slightly below 1960-61. (See table 10.) Australia produces about 75 percent of the agricultural output production of the two areas and has 80 percent of the population. Lower farm incomes in both countries in 1960-61 reflected the continuation of rising costs and depressed exports prices for wool, lamb, and dairy products.

PRODUCTION.--Early forecasts for a near record 1961-62 wheat crop in Australia have been dispelled by dry weather conditions in South and Western Australia. Revised estimates indicate that exportable supplies of wheat and wheat equivalent of flour will be about 130 million bushels, or about 100 million bushels below 1960-61 shipments. Carry-over stocks for the new marketing year beginning December 1 are estimated at 20 million bushels, or the lowest since 1958-59. With the lowered wheat production and a minimum allowance of 75 million bushels for domestic consumption, Australia will have little, if any, excess wheat available for export beyond trade agreement commitments and other traditional customers. It is doubtful that any sizable quantities of Australian wheat or flour will be available for either cash or credit sale to Communist China in 1961-62.

Sugar production is expected to be approximately 1.3 million metric tons in 1961-62. Australia has a larger sugarcane potential than is currently being grown and processed because of sugar marketing limitations set by the Commonwealth and International Sugar Agreements.

Beef production is expected to increase about 10 percent in 1961-62. Continued dry weather in the northern cattle areas will probably necessitate increased slaughter. Output of other meats will probably be maintained at about the same level as 1960-61. Cattle producers' 1960-61 policies of building up herds will be continued in areas where pastures permit.

Feed conditions in certain parts of the country favor increased dairy production--well above the low level of 1960-61. It is anticipated that both butter and non-fat dried milk production will increase. This may complicate the current export marketing situation, particularly the unfavorable butter price and supply situation prevailing in the U. K. market.

Wool production has been estimated at slightly higher levels than for 1960-61. Prices, although not currently above mid-1961 levels, are expected to improve because of greater consumer demand.

Tobacco production is expected to be about 15 percent below the record crop of 1960-61, but still the second largest crop produced. Most of this reduction will be due to smaller acreages because of the serious marketing problems which developed the previous year. Auctions in 1960-61 showed that manufacturers were becoming more selective in their purchases of local tobacco leaf.

New experimental areas are in the course of development in an effort to increase cotton production, but no significant increase in output is forecast for 1961-62.

New Zealand's production for the most part will continue at about the 1960-61 level with some increases in wheat and pea crops, milk, wool, and beef and veal output. The 1961-62 wheat crop estimated at 9 million bushels still will be about 5 million bushels short of local requirements. Although New Zealand is expected to produce grass seeds in excess of domestic requirements, pasture improvement programs will require a larger proportion for local use.

ECONOMIC CONDITIONS.--Australia--The favorable trend in this country's general economic activity is expected to continue in 1962 and should have a favorable effect on agriculture. Farm capital investment is on the up-trend. Foreign exchange earnings from wool and fruit exports are expected to increase, but wheat and other grain returns probably will be less due to supply limitations. Currently, Australia's balance of payments is at a high level and are expected to remain fairly constant.

New Zealand is suffering from balance of payments difficulties, a condition which is not expected to change significantly during the next few months. Some improvement is expected in export prices for wool and meats, particularly lamb. But prospects for increased revenue from dairy products are not good, particularly with the continued depressed prices for butter on the U. K. market. Capital investment is being concentrated on small industry, but new enterprise is hampered by extreme shortages of labor. New Zealand Government efforts to achieve economic stability have taken the form of tighter

credit restrictions, increased borrowing, and membership in the International Monetary Fund and World Bank.

TRADE.--Both Australia and New Zealand will continue to emphasize export market promotion schemes in 1961-62. Australia's agricultural imports are now free of licensing regulations with the exception of specified oilseeds and vegetable oils. The mild recession in 1960-61 was largely relieved by record wheat exports during this period. Of a total of 230 million bushels of wheat and flour shipped, 80 million went to Communist China. Australian forecasts indicate larger wool exports in 1961-62 due to lowered stocks in both producing and importing countries and higher rates of wool consumption in certain major textile centers. U.S. imports of agricultural commodities from Australia in 1960 declined to a total of $91 million compared with $131 million in 1959. Most of this decrease was in manufacturing-type beef and veal trade which dropped to $51 million from $92 million and wool imports which declined to $24 million from $29 million. U.S. agricultural exports to Australia in 1960 increased to a total of $33 million compared with $25 million the previous year.

Licensing liberalizations planned for New Zealand in 1961 were revoked in April. The substitute licensing schedule adopted at that time is very restrictive for many agricultural commodities of interest to the United States. This will be in effect until July 1962, or until New Zealand's balance of payments situation improves. U. S. imports of agricultural products from New Zealand in 1960 totaled $113 million compared with $130 million in 1959. New Zealand's imports from the U.S., principally leaf tobacco, in 1960 amounted to $8 million or about 19 percent above the value of trade in 1959.

LONG-RANGE OUTLOOK.--Australia is extending its production of irrigated crops and livestock numbers. New development programs are particularly active in the northern and western areas. Both Australia and New Zealand are engaged in diversification of marketing outlets for agricultural exports, and are trying to develop new markets in the Far East and Latin American countries.

Table 10.--Australia and New Zealand: Indices of agricultural production, total and per capita, average 1934-38, annual 1959-60 to 1961-62

1952-53 to 1954-55 = 100

	1934-38	1959-60	1960-61[1]	1961-62[2]	1934-38 Aver.	1959-60	1960-61[1]	1961-62[2]
Australia	76	120	125	124	100	105	107	103
New Zealand	77	121	124	125	100	106	106	104
Total	76	121	125	124	100	106	107	103

[1] Revised. [2] Forecast.

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